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# Washington's Nine Months at War

Great Efforts—  
Disappointing Results—

*Why?*

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RAYMOND B. PRICE

THIRD EDITION

*Published by*  
PATRIOTIC EDUCATION SOCIETY, Inc.  
806 Seventeenth Street, N. W.  
Washington, D. C.

5-2002  
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17178

## INTRODUCTORY NOTE

Despite all the specific and general criticisms that follow herein it is a duty and a pleasure to pay tribute to the high moral purposes and standards behind our Executive acts. Seldom in American history has improper personal and political influence counted for so little, or has conscientious endeavor aimed higher and striven harder. The failures in great part are due to poor organization—which furnishes the excuse for this pamphlet.

RAYMOND B. PRICE

Washington, December 31, 1917.

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# I

## For Our Very Safety

"Those who at present hold power in the great democracies have risked in irresponsible fashion the future of the peoples entrusted to their leadership."

—General von Freytag.

The *London Times* of Nov. 7th, 1917, reviews "Deductions from the World War," recently published in Germany by Lieutenant-General Baron von Freytag Loringhoven, who was Quartermaster-General in the field when Falkenhayn was Chief of the General Staff and who is now stationed in Berlin as Deputy Chief of the General Staff. The author is described as a "moderate" among Prussian militarists, a master of military history, a writer of great clearness and far from being a typical Pan-Germanist or even a Bernhardi.

General von Freytag argues that before the war Germany's armaments were inadequate and that in the future, recognizing that "facts are facts," still larger expenditures must in spite of all difficulties be made. He proposes giving at least partial military training to those who in the past had been rejected but who in this war have been found fit for service. "Only so can we arrive at a real peoples' army, in which every one has gone through the school of the standing army. It may be asked what is the use of all this. Will not the general exhaustion of Europe after the world conflagration of a certainty put the danger of a new war, to begin with, in the background, and does not this terrible murder of peoples point inevitably to the necessity of disarmament to pave the way to permanent peace? The reply to this is that no-

body can undertake to guarantee a long period of peace, and that a lasting peace is guaranteed only by strong armaments. Moreover, world power is inconceivable without striving for expression of power in the world, and consequently for sea power. But that involves the constant existence of a large number of points of friction. Hence arises the necessity for adequate armaments on land and sea.

"The world war affords incontrovertible proof that Germany must for all time maintain her claim to sea power.

"The fact that precisely the President of the United States of North America has advocated the brotherhood of the peoples surely ought to frighten us. America's behavior in the war has shown that pacificism, as represented in America, is only business pacifism, and so at bottom nothing else than crass materialism. This truth is not altered by the fact that it is wrapped in a hazy garment of idealism and so seeks to hide its real meaning from the innocent. Nor is the truth altered by the appeal to democratic tendencies, for precisely this war is showing that *those who at present hold power in the great democracies have risked in irresponsible fashion the future of the peoples entrusted to their leadership.*"

The criticisms against incompetence or irresponsibility, often apparently justified by the facts, in each of the



allied countries would seem to make certain that all Germany agrees with the last sentence quoted. And if the German nation feel thus about democracy and its leaders our hopes of a peacefully democratic future for Germany seem dim. Therefore, facing a condition and not a theory, is it not our foremost duty to analyze bravely our own weaknesses and make unrelenting effort to correct them?

In Washington a certain business man who has risen to national prominence by sheer ability and industry has for months been trying untiringly to point out weaknesses which he perceived in our war organization. Successful as an organizer he has still failed with the combined help of large organizations to carry his conclusions to action on the part of our Governmental leaders. Deploing the present critical stage of the war and our relation to it, he said in a recent conversation, "If the business men, or only a part of them, who are here in Washington would say frankly what they know and feel the nation would be shocked but the remedy would quickly arrive." And then after outlining one remedy he ended, "But don't quote me by name because I am in an official position."

### Dangerous Censorship

There is an invisible censorship, more dangerous than one enacted into written law, that muzzles brave men. Fostered at times by mistaken ideas of patriotism, encouraged perhaps by

mental laziness, at times by political pressure, often by social influence, the truth is forced to hide its head in sorrow—while the Fate of the World hangs in the balance.

It is proper that men in uniform should take what comes to them, good or bad, without comment, but should a nation supposed to base its greatness upon the individualism of its citizens be content when those citizens best informed maintain silence as they sense disaster creeping upon them? The geese of ancient Rome were credited with a better performance.

Even with the "official collar about their necks" as one often hears it expressed in Washington, is it not conceivable that a little patriotic cooperation could have led to the formation of a Grievance Committee for the purpose of passing along worthy ideas to the President's overworked Chief Executives? Out of that might not one reasonably expect the creation of a Planning Committee or Chief whose time clear of daily detail should be free to work out improvements of organization and plan?

But no such result appeared, so apparently many of America's commercial, industrial, financial and other leaders must share with our executives at least part of the criticism of the nation if our war efforts are found to be unequal to the need.

Perusal of the minutes of the Council of National Defense might assist in apportioning the blame for the purpose of strengthening the weakness.

## II

# Co-ordination—the Missing Link

Shipping is the weakest link of our chain of preparations necessary to prevent defeat and even more necessary to win victory. This has been increasingly evident since last March. Had we possessed an adequate statistical force under control of a real General Staff, or a real National Planning Committee or Chief, this weakest link would have been expressed in mathematics so convincing that not even a week's delay in strengthening it would have been tolerated by the people or their leaders.

A rumor last Spring said that the Army War College had figured out the tonnage necessary to send the American Army to France. Some weeks later a Chairman of an important Committee of the Council of National Defense was working feverishly to locate figures upon which to base his Committee's work, figures showing the amount of equipment and supply per soldier, and guns and ammunition needed for the American forces to be sent abroad, figures based upon experience of European forces but modified to suit our peculiar conditions. Many departments were working just as earnestly to ascertain the corresponding figures relating to their individual problems. Little centralized effort was visible—it seemed to be each one for himself. Even the help of outside private individuals was sought, so little had the Government to offer. British, French and other officers and advisers came and went—their help only partially used. The wealth of foreign experience spasmodically tapped by individual seekers,—no comprehensive plan was applied for obtaining the utmost of that

wealth for the greatest number of our people who could help our country to profit by it.

And in our ninth month at war, December 13, 1917, Bulletin No. 79 of the State Councils Section of the Council of National Defense makes this ingenuous admission:

*"The immensity of the task of building vessels sufficient in tonnage to transport our army to France, maintain it there, supply the increasing demand of our allies for munitions, food, and supplies, and at the same time overcome the inevitable loss from submarines, has been until recently lost sight of in our recent military, diplomatic and economic activities. We are separated by the Atlantic Ocean from the field of battle, and the fundamental fact is that without adequate shipping we shall be wholly unable to do our share in winning the war."*

### Danger and the Remedy

*The most important single task before us has been lost in the flood of detail! Is any other argument needed for a Planning Chief, responsible to the President, backed by authority, reinforced with statisticians and experts, free from the departmental routine and responsibility that unavoidably narrow the vision and restrict the broad action of every one of our Cabinet Chiefs, our Fuel, Food, Shipping and other important Executives?*

Upon whom are we relying to insure that we do not produce millions of tons of supplies and material of secondary importance now, and

neglect to send to the front the things they most need there immediately?

But with shipbuilding placed in its position of first importance, what is being done to insure primary efficiency and speed in building ships?

Our Priority of Materials Committee, which has the authority to decide what materials and products shall

have precedence in transportation and production, admit that nearly everything (80 to 85% in some districts, it is said) is now in the A class, so in fact priority means little. However, the shipbuilders appear satisfied that they can obtain their structural shapes, the ship plates, the engines, boilers and auxiliaries they need with the conditions and control already in sight.



### III

## Labor the Unsolved Problem

Priority of labor is another matter. The manager of a shipbuilding plant in the Chesapeake Bay district has recently stated that certain skilled labor in his plant has been receiving \$30 per week but constructors on War Department work in the neighborhood are now paying \$70 for the same class of labor in order to speed their construction, hence shipbuilding suffers. Shipbuilders on the Delaware and elsewhere have been forced to bid against Government and private employers both to hold their old workmen and to increase their staffs. New shipyards have made a specialty of enticing by fabulous rewards the best workmen and executives from old shipyards.

According to Burton J. Hendrick in *The World's Work* of December, 1917, riveters are receiving from \$57 to \$172 per week. He says further "the one basic fact is that we have plenty of skilled workmen in the United States. The problem resolves itself merely into one of recruitment and organization. At present these skilled mechanics are making pleasure automobiles or engaged in a thousand industries that only remotely assist our military operations. These men should be taken from unnecessary occupations and stationed in the shipyards \* \* \* At present our national army contains many thousands of skilled mechanics. "A man in a shipyard is worth three in the trenches," says Mr. Hurley. The one fact that stands out above all others is that only the Federal Government itself can handle this labor problem. Under the private competitive system these yards will never get their 500,000 shipbuilders. We can no more build up an industrial army

by private initiative that we can build up our military and naval forces in the same way."

Mr. Hendrick proposes controlling shipworkers' wages in districts arbitrarily delimited. Even so, what is to prevent private or government competition from emptying those yards?

Another student of the labor and shipbuilding situation writes as follows:

### Reasons for Delay in the Production of Ships

*"Increase in Cost of Labor and Materials.* Practically all contractors for ships (and this applies to contractors for war materials of all sorts) have objected to signing contracts on a fixed sum basis for the reason that they have been uncertain as to what prices they might have to pay for labor and raw materials. This has resulted in great delays in the signing of contracts. The increase in the cost of raw materials is itself directly due to increased wages paid to the workmen producing these raw materials. The increase in the wages demanded by workmen actually engaged in the production of ships has been very great.

*Strikes.* Increases in the cost of labor in nearly every industry in the country have been the result of strikes instituted and encouraged in almost every case by leaders of organized labor.

*Increase in Cost of Ships.* Increases in wages have been responsible for increasing the cost to the people of the United States

several times their normal cost of munitions, aeroplanes and the like. Ships now cost over \$160 per deadweight ton that could formerly be built in this country for \$40 to \$50 per deadweight ton and in European countries for as low as \$30 per deadweight ton. On an order of 6,000,000 gross tons of shipping the added cost to the people of the United States is about \$900,000,000 over what it would be under normal conditions. Similar conditions in all war industries exist, thus showing why our appropriations are so much more than those of our allies.

*Attitude of Organized Labor.* The attitude of organized labor is best shown in brief by the words of James McConnell, President of the National Boiler Makers' Union publicly stated to the effect that workmen were urged by him not to stand behind the President but to "stand behind themselves" by demanding wage increases not of "cents" but of "dollars."

Investigation properly made will show that workmen have been actually encouraged in their demands for more wages by the representatives of the Department of Labor itself. This occurred during the recent strikes in the various shipyards in the Port of New York.

#### Public Opinion Needed

"The demands for higher wages that have been made by workmen have not been due to the high cost of living except possibly in a few instances. This can be proved by consulting the payrolls and records of various shipyards, which will indicate that large numbers of workmen have been receiving such high wages that they will not work for the full number of working days

per week. This fact effectually disproves the claim of organized labor that higher wages are required to meet the higher cost of living.

In order to hold workmen in their shipyards, contractors have been forced to pay almost any wages demanded. From conditions reported to the Navy Department in the case of five yards, it can be shown that on a tonnage of approximately 35,000 tons this serious condition rendered possible a loss to the Government in labor charges alone of approximately \$3,600,000. On an order for 6,000,000 tons of ships this would represent a loss to the people of approximately \$600,000,000. The wages of workmen doing the same work at different yards all in the same vicinity vary as much as 40%.

The average workman does only about 1-3 to 1-2 as much work per day as he is physically capable of doing. Were all the workmen in shipyards and other war industries educated to the full realization of their patriotic duty they could thus turn out two or three times as much work per day as they ordinarily turn out. Had publicity measures similar to those used in promoting the sale of Liberty Bonds been put into operation in all industrial plants producing war materials, the production could have been stimulated several times without any increase in force."

#### Does Delay Help?

It becomes increasingly clear that improvement in the labor field cannot be expected until some semblance of a unified national policy and action appears. Labor unrest must increase as long as the suspicion is justified that unreasonable profiteering is at all prevalent.

The Farmers' Non-Partisan League last Summer prepared a book to show the iniquities of Capital, its perversion of public opinion by extensive advertising campaigns conducted by railroads, packers and large corporations, the political influence unduly exerted by bankers and other "prominent citizens." The leaders of the League and many farmers were reported by an investigator to believe that Capital rather than Germany is their real enemy.

Britain met this condition by taking 80% of the war profits. One of her best-informed leaders predicts that this tax will never be removed.

When the worker sees his restless neighbor repeatedly changing his occupation for higher wages, the steady man must begin to wonder who is looking out for his interest. The small-salaried employee is especially helpless.

Under a proper system of employment exchanges it seems reasonable to believe that workers skilled in certain trades not especially needed could be rapidly transferred to the more important trades provided they were assured their established wages, plus whatever additional expense might accrue from their change of location, considering relative living costs, and provided also that equivalent comforts were offered to them in their new location. When conditions do not furnish equivalent comfort or convenience special reward in the form of additional compensation could be legitimately provided.

The testimony of our Shipping Board executives before the Congressional Committee illustrates the danger of having no permanent mechanism charged with studying delays and obstacles and placing the remedy in the hands of those authorized to apply it.

If President Wilson, or Congress, or the country had been persistently told by the Shipping Board or the Emergency Fleet Corporation to what extent lack of housing and transportation facilities was hindering ship construction is it conceivable that adequate commandeering powers, or special laws or instructions would have been long withheld?

### Labor Regulation Vital

Irregularity of employment has in the past been considered our worst industrial evil. There is, of course, no excuse for continuation of that evil while the whole world is confronted with a shortage of labor. Until our Federal Government is able intelligently to direct the ebb and flow of labor, it must fail to meet our war needs. Thoroughly coordinated employment exchanges, adequate statistics kept up to date, comprehensive information as to the relative importance of labor shortage in various fields are indispensable to meet this situation.

In addition, both the public and the Government are warranted in demanding of employer and employed that each shall live up to his agreements, that each shall insist upon having responsible leadership, that each shall stand united against unfair demands and unfair conditions.

In the last analysis the unbiased public must decide what is unreasonable and what is unjust. Above all, it must not tolerate any procrastination in investigation or settlement of labor difficulties, for both Britain and Australia have pointed out the supreme importance of speed in such matters.

The public also must insist upon each side acquiring sympathy for the difficulties of the other side. In many communities today comprehensive study of the minimum scale of living



commensurate with good citizenship and good work is well under way.

If our Trade Unions, instead of endeavoring to limit the number of apprentices and output per man, would endeavor with equal earnestness to stimulate their members, to educate them to a sense of their importance and responsibilities, to understand and apply proven economic principles, there would be less opposition to the extension of labor organizations in America by employers who find it easier to fight the spread of labor organizations than to stop the abuses which too often appear after organization has been effected.

### Exemption of Skilled Workers

The British when they learned the imperative need for skilled workers at home endeavored to recall them from the army. As records were lacking showing completely the past experience of her soldiers only part of her skilled men at the front could be located. Many preferred to fight and so did not voluntarily report their skill. Their officers, finding the skilled workers made excellent and useful soldiers, connived to keep them in the trenches. This sad experience was freely reported in Washington by various British visitors. Last Spring when our Army and Navy were being recruited by volunteers letters were sent to Washington complaining of the enlistment of skilled shipworkers east and west. Early in May Secretary Baker, speaking as Chairman of the Council of National Defense, told the Governors and their representatives, then assembled in Washington, that about 600,000 volunteer recruits were still needed to fill the Regular Army, National Guard and the Navy and no exemption plan was contemplated. When the draft plan was worked out only

partial provision was made to locate the skilled men, and many important war industries, including shipbuilding, are now said to be suffering from loss of important men drafted. Over 1,500,000 men have been almost indiscriminately withdrawn from industry while Government and citizens vie with each other in increasing the difficulty.

With a well-informed Planning Chief having the ear of the President, is it likely that this fundamental weakness could have been so long tolerated?

### What Remedy Is in Sight?

The Bulletin Number 79 previously quoted further says:-

"The work asked of the State Councils will in a general way be in three stages.

The first stage will be:

- (a) To make certain that the conditions in and about the yards are ready for an influx of mechanics. (This will include assistance in improving housing conditions and the utilization of the system of employment exchanges now being developed, about which you have already been advised by this Section.)
- (b) To create the feeling in shipyard communities that ship construction is of the highest importance, and that the artisans in the shipyards must receive recognition from the public as patriotic members of the community, entitled to good living conditions, hospitable reception, and entertainment. (The Government recognizes the work as patriotic by treating the service as parallel with that of the Army and Navy, as no men will be with-

drawn from this work for the Army or Navy, a fact that should be widely published during each stage of the work.)

The second stage will be a campaign to recruit men already in shipbuilding trades for immediate employment in the yards. The third stage will be:

- (a) To continue the recruiting of trained shipyard workers.
- (b) To obtain artisans skilled in related trades and train them in ship construction under service conditions, means for which will shortly be installed in the larger shipyards.

In all this work, this Section and the State Councils are to have the cooperation of the Labor Department's War Emergency Employment Service (including the Public Service Reserve, and the system of Federal and State Employment exchanges organized in accordance with our letter to State Councils under date of December 8, 1917), the Woman's Committee, the United States Chamber of Commerce, the Federal Board for Vocational Education, the Division of Films of the Committee on Public Information, the Housing Committee of the Council of National Defense, and local housing committees.

Living conditions in some shipbuilding communities are such that the second stage of the work may be entered upon at once, and at such points the State Councils will be asked shortly to begin recruiting. In all other places, the first work of the State Councils will be to see that their local committees work with Federal agencies in studying and improving housing and living conditions and by publicity

to create a favorable community sentiment.

As a first definite step, we ask you now to appoint or designate a committee to take charge of all State Council work in connection with shipbuilding.

On such committee we suggest representation as follows:

- (1) An employer, known for his fairness.
- (2) A representative of labor, known for his fairness.
- (3) A representative of the State Division of the Woman's Committee.
- (4) A publisher.
- (5) A college president, a dean of a college, or a prominent economist.
- (6) A publicist.

Of these, the first three are deemed essential. Discretion can be used as to the balance of the suggestions, also as to the number constituting the committee."

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## What Hope?

Is one justified in expecting speedy settlement of our labor uncertainties by such complicated and experimental efforts at coordination and control?

The following bulletin was recently issued by the Patriotic Education Society:

## Wanted—A Labor Policy

"Mr. Asquith, ex-Prime Minister of Great Britain, in the House of Commons last month stated that labor is the keynote of the British war situation. In this country at the present time is a small group of Englishmen who have had general experience with the labor problems of Great Britain in connection with



the British Ministry of Munitions. Captain Asquith, one of the members of this group, has prepared a condensed memorandum outlining some of the chief lessons the British have learned relating to these problems. This memorandum starts: 'The main problem of the war in England has proved to be that of man-power.'

In November, 1916, at one of the darkest periods of Britain's war experience, when Russia's adherence to her Allies was uncertain, a serious discussion occurred in Parliament and in the press over the advisability of pledging the nation's credit for the rehousing of the working people of Great Britain.

As a result of the government control of munition plants, a unit of measurement was developed which for the first time in industrial history on a large scale made it possible for Great Britain to measure the effect on her working population of hours of labor per day, days of labor per week, hot lunches, sanitary working and living conditions, periods for rest, and many other items. As a result it became possible to measure in pounds, shillings and pence the effect of working and living conditions on the human being and on production.

In the United States, out of a population of say 110,000,000, are 2,000,000 organized workers. In Great Britain, out of a population of 46,000,000 are 4,500,000 members of trade unions. A series of national strikes in Great Britain resulted before the war in an organized development of trade unions and of employers' associations, so that when the war started the government was able to step in and work with capital and with labor as

units, instead of with a heterogeneous group of workers and employers.

In September, 1916, when the British railway workers demanded an increase of wages, surprisingly accurate statistics were produced showing that in the two years and one month since the beginning of the war the cost of living for that class of workers had increased, according to our recollection, 54%; whereas their wages had been advanced, for instance, 25 to 30%. Needless to say, on this mathematical showing an increase of wages was granted and fully indorsed by public opinion.

In America over 10% of all working people are always out of work, on the average; this being due chiefly to seasonal employment and similar inefficiencies. Through sickness each one of 'our 30,000,000 workers loses on an average nine days per year, causing a monetary loss of \$700,000,000.

The following facts are compiled by C. E. Knoepfel, Efficiency Engineer, of 101 Park Avenue, New York: "700,000 workers are injured yearly and 35,000 workers are killed in industry every year. Mrs. Carrie Chapman Catt says of the millions of pupils entering grade schools yearly one-half never finish the course, 5% enter high school, 1-8 of 1% go to technical schools, and about 4-5 of 1% get a college training. Our average unemployment prior to the war was 14% as against 8% in Great Britain and 2% in Germany. Six hundred thousand persons die annually from preventable diseases. Of 300,000 infants that die each year it is estimated that one-half could be saved by measures within the control of their communities. United States Health Bulle-

tin No. 76 says that between 1900 and 1913 the average retail prices of food increased 60%, while during the same period wages increased 30%. Our annual income of \$35,000,000,000 shows the largest proportionate increase of any nation, yet we rank fifteenth in the relative number of savings bank accounts. Charles P. McNeil, Chairman of the Committee on Labor Exchanges, in a report to the Chamber of Commerce of the United States, says that for twelve manufacturing establishments employing 40,000 men, the loss in one year from discharging men and employing substitutes was \$831,000, with no advantages as an offset. It is estimated that the annual waste from preventable death and disease is \$1,500,000,000."

There is an enormous labor reserve in this country which should be drawn upon in these times of stress. The East Side in New York has a large supply. Mr. Wood, President of the American Woolen Company, was recently deploring the difficulty of obtaining sufficient labor. These reserve supplies were mentioned to him, and upon reflection he agreed that they actually exist, and pointed out that in one of his factories he had recently installed an escalator, or moving stairway, with the result that some women who had not worked in his factory before were now able to do so. Mr. E. N. Hurley, of the United States Shipping Board, recently returned from a tour of important shipbuilding yards and stated that some of those yards had only 50% of the labor they needed.

Great Britain has a national employment bureau reaching to every town and hamlet. The ebb and flow of labor is directed and controlled through that employment exchange.

In our country the Departments of Labor and Agriculture, War and Navy, the Council of National Defense, the Shipping Board, the Fuel and Food Dictators—all have labor committees and problems, but there is no real coordination. In the Department of Labor itself are two rival employment establishments. One, headed by Mr. Caminetti, Chief of the Bureau of Immigration, controls the 93 employment exchanges operated by the government in different parts of the country. The United States Public Service Reserve is attempting to list and make available for national service the labor, unskilled, skilled and professional, of this country. This latter mechanism was established by private initiative and largely with private funds. An effort was made to obtain an appropriation of \$750,000 from the recent Congress for a national labor bureau. This was opposed, according to common report, by the Bureau of Immigration, and it was only at the last minute, largely through private initiative, that an appropriation of \$250,000 was made available for this work. But the bill provided that existing institutions should be preserved. Under these conditions Mr. Caminetti cannot be "merged" into one homogeneous department of the Department of Labor.

We have no adequate record of strikes, and in August an investigation showed that the Department of Labor had fewer investigators to study strike problems and settlements than it had June 1st, owing to lack of appropriations.

Major-General Maurice, Director of British Military Operations, is recently reported as having shown that the shipment of British war supplies into France from January

to September, 1917, increased in the proportion of 245 to 114, the tonnage and human labor problem thus more than doubling in eight months. One of the leading British labor experts of the British Ministry of Munitions, himself a wealthy employer of labor, is reported to have said recently that America is twenty years behind the times in labor matters. In Great Britain the man who cannot change his mind over night is hopelessly behind.

The world is just beginning to recognize generally that human beings have inherent rights which cannot be morally balanced against the rights of capital. German patriotism has been founded largely upon Bismarck's far-sighted policy which recognized the right of man to work, to shelter, to reasonable living conditions, and to freedom from worry against illness and old age. The man with only a dime in his pocket is no match against the capitalist. The organized labor movement has been essentially an uplifting movement. In a democracy every individual belongs to the ruling class, and a ruler who is too tired, too worried or too ill to perform his functions is a menace to the country. That there have been abuses in the name of organized labor is unquestioned, and so there have been abuses in the name of liberty and of religion. The excesses of the French Revolution are no argument against democracy. Leisure, liberty and leadership all need experience and practice. The great unbiased American public opinion must be the arbiter as to what labor may justly demand and what privileges capital may retain and must yield.

Sociological changes have resulted from this war, of importance and scope far beyond what is gen-

erally appreciated in America. For the very safety of the nation and the winning of this war American public opinion must be directed to the fundamentals involved in order that it may take a firm and unyielding stand against abuse on the part of both employer and employee, and in favor of justice to both. It is neither safe nor fair to expect the biased parties themselves to hold the balance of power. As Justice Louis D. Brandeis has so well said, "Neither our intelligence nor our characters can long stand the strain of unrestrained power."

To avoid the jealousies, inertia and difficulties of attempting to control the labor problem through any established peace-time department, and because the matter is even more important than that which caused the creation of a food, fuel and a shipping dictator, the time may come when it will be necessary for the public to demand a labor dictator for the period of the war—one who can show the public what the worker may justly demand, what the employer under the new world conditions may hold, and what he must yield; one who can organize a national employment bureau capable of satisfying national employment needs; one who can develop a statistical force, backed with adequate financial support, to study continually the changing cost of living for the various workers in each section of the country in comparison with wages; so that fact, instead of guesswork, hunger and strikes, may be the basis of the square deal. Such statistics, coupled with Federal Trade Commission figures showing the cost of production, would put much of the labor problem in mathematical form, so that he who runs may read."

## Labor Troubles Not Recorded

It is variously estimated that since America entered the war there have been from three to five thousand strikes in this country. Who can say at this moment whether those strikes have not already seriously threatened the victory of our cause and at best have immeasurably postponed it and increased the cost? Certain it is that without harmonious action on the part of worker, employer, the Government and the public our utmost war efforts must fail. There are at least eight major labor committees heading up to various cabinet chiefs and the

Administrators. Today we know that our greatest need is ships, but, because the labor factor is the weakest spot in our shipbuilding program, we must especially focus attention upon the shipbuilding labor situation.

It is obvious to all who have investigated that no important phase of the labor situation can be considered without including the other important phases. Thus the fact that in New York several theatres, hotels, and many office buildings are being constructed at the present time has a distinct bearing upon the scarcity of skilled labor readily available for shipbuilding.



## IV

# British Labor Experience

Sir Stevenson Kent, Director General of the British Labor Supply Department of the Ministry of Munitions, accompanied by several other labor experts, has been in this country for several months and has placed at the disposal of Americans the experience Great Britain has had in connection with labor since the war began. Sir Stevenson has recently been quoted as saying:

"If Great Britain had had one-eighth of the number of labor troubles in the past two years that the United States has had, my country would have had to conclude a disgraceful peace with Germany by this time. Since coming here two months ago I have noted serious strikes and threats of strikes in different parts of the United States. Not only does such a state of affairs indicate trouble in this country, but it cannot fail to affect seriously Great Britain and the other Allies."

H. W. Garrod, Deputy Assistant of the British Labor Regulation Department, one of his companions, is quoted thus:

"In every city that we have visited in the United States we have tried to put one fact of our experience before you—that no nation under modern conditions can possibly hope to carry through a great war, such as the present, unless it can maintain industrial peace at home. I say that because since we have been in this country, a matter of about two months, there have occurred a number of very serious industrial disturbances. If one-eighth of those troubles had occurred in England during the whole period of the three years that we have been

at war, we should have had to make, long ago, a disgraceful peace."

Some employers of labor have shown indifference to the British experience, claiming that American conditions were so different from those of Great Britain that little benefit could result from comparisons. Whether or not this is true it is evident that the British government quickly recognized the importance of labor, took labor into close confidence and partnership, and based all of its activities and future plans upon that partnership.

The Industrial Bureau of the Merchants' Association of New York has prepared a condensed summary of the British Labor regulations and this seems sufficiently illuminating to quote in full:

## How British Industry Was Adapted to the War

"In England the method of agreement, the method of conference, has ordinarily been employed in drawing up industrial legislation affecting employer and employee. It has never been considered possible to introduce drastic legislation on labor questions unless the consent in general of the parties to be affected by the legislation could first be obtained.

### Government, Employers, Employed

There are in England great federations of employers. All large machine shops there belong to federations of this nature. Moreover, the greater part of labor belongs to labor organizations. Consequently, when planning any labor legisla-



tion, they have first brought together in London the representatives of the trades concerned—the persons who could speak authoritatively for the great employing federations and the persons who could speak for the trade unions affected.

This was the method particularly adopted in March, 1915, when the labor situation in England was very serious. The Ministry called together in one room representatives of the employers who were directly concerned with the manufacture of munitions and the heads of the principal trade unions. During that conference they arrived at the Treasury Agreement which was subsequently embodied in the Munitions of War Act. This Act is the legislation by agreement between government, capital and labor. It covers practically everything that could be manufactured for war purpose. There was not a single clause in it that had not been the subject of discussion and agreement between those three interests.

### Features of the British Agreement

The following were the principal features of this agreement:

(1) The Minister of Munitions received power to control factories engaged principally on the manufacture of munitions. The control of these factories amounted to a right of the Minister of Munitions to take the plant over altogether from the owners. That right has been rarely exercised and exercised only when the management failed to comply with the requirements of the Government. Such cases have been very exceptional, probably only two or three in number. As a part of his powers in regard to these factories (and this actually

became law) the Minister of Munitions has definite authority to limit the profits of such plants. The profits were limited to an increase of one-fifth over an average of the profits of the two years preceding the war.

(2) The trade unions agreed that in view of the fact that a definite limitation had been put on profits, the wages of the employees should be fixed at the rates which existed at that time. There was to be no fluctuation upwards or downwards in the wages except by consent of the Minister of Munitions. It was agreed that neither capital nor labor should make a profit out of the Nation's needs. The Government, having fixed wages, appreciated that it became its duty to see that the labor so dealt with should not suffer from the increased cost of living. It set up a Committee on Production. One of the duties of this Committee consisted in hearing evidence as to the increased cost of living three times every year. Evidence is brought before it by trade unions' officials or any one concerned, and the Committee has all the Government statistics in regard to the increased cost of the necessities of life. Assuming that the living costs have gone up, the Committee then makes (in the nature of a war bonus) a national award to all employees on war work, payable by the employer, but to be recovered from the Government.

(3) Strikes and lockouts became illegal and arbitration became compulsory. It was agreed that any trade disputes in war industries should, for the period of the war, be submitted compulsorily to arbitration, which the Government should arrange. A strike or lockout in

peace time was looked upon as more or less a domestic matter. The Government rarely interfered, and only when it became a widespread inconvenience. However, the Government took the view that its duties in peace time and war time were very different. It took the view that it could not tolerate interruption of supplies resulting from differences between employers and employees. It took the view that its duty was to interfere between the employers and employees to prevent interruption of supplies vital to the success of the armies. The Government viewed this matter with such gravity that power was granted by the Act to imprison for life any one who incited to strikes or interfered with the operation of the agreement. It has never become necessary to enforce this penalty. Public opinion has generally enforced the act very effectively.

(4) The trade unions agreed to waive all their practices and customs which tended to restrict either employment or output, such as the employment of only union labor, and the use of only skilled persons on skilled jobs; and they promised to do their utmost to see that the agreement was carried through. They agreed also that any person, man or woman, would be allowed to do any kind of work. In return for these important concessions the Government pledged itself to restore pre-war conditions in shops after the war. The trade unions, their leaders, and the rank and file, have abided very loyally by that agreement and act.

### Compulsory Arbitration

The First Munitions of War Act, which was passed about a month

after the Agreement was made, set up machinery for compulsory arbitration. Despite this system of compulsory arbitration, it would be misleading to say that there have not been labor troubles or strikes, but there have been only three strikes which have had to be regarded as serious, and of these none has lasted more than a week. Not a strike has arisen for higher wages since the war began. Moreover, there has not been a single strike in which the responsible trade union officials have not stood side by side with the Government and done their utmost to bring every man back to work at the earliest possible moment.

One of the lessons which has been learned in England is that the war is a war of the civil organizations—of mechanism and mechanics, of the machine shop and the factory—just as much as it is a war of the army. Organization of industry at home must be as complete and thorough as at the front. If one leaves organization at home to chance, he imperils the army. Industrial peace at home, continuity of supplies, and ever-increasing output—these things are vital if this war is to be carried through to a successful conclusion.

### When War Took the Men

They had in England a very big drain on their man power in the very early part of the war. Under the system of voluntary enlistment they lost skilled mechanics in large numbers. Mechanics went into the army and their skill was not utilized; they were used up in the trenches. That was a mistake, because if there is one certainty it is this—that neither in America nor

England is there a sufficiency of skilled mechanics. England has had to make numberless shifts and use people, women and men, whom she would very much prefer not to have employed on any of the tasks in which they are engaged today. One of the reasons England has been compelled to make use of these makeshifts is that the skill of her mechanics was misused in the early days of the war.

### Economy Is Necessary

Every kind of economy is necessary today, the economy of raw material and of man power being the two most important. Economy of raw material and of man power in England was brought about by a system of licenses and laws. England has a very complete and comprehensive system of licensing and priority. No raw material that is essential for the production of war materials can be used or bought by anybody except under license. If a manufacturer desires to buy steel, or lead, or iron, or aluminum, or anything of that type, he has to make application to the Ministry of Munitions and to state why he wishes to purchase it. If the purpose stated is not essential for the army or navy in winning the war, the license is refused. What happened is this: The non-essential plant which was in the habit of using steel or other metals had its license refused. The employer then could either close his plant or transform it for the purpose of undertaking war work for the Government. In England, it must be understood, they did not have a sufficiency of plants or output, and they had to find them both as soon as possible. By a system of indirect

compulsion, therefore, they transformed the shops from civil work to Government work and they employed the same man power on war work.

### The Shifting of Labor

The shifting of labor from establishment to establishment, from work of great importance to work of less importance, from war work to civil work, has been checked by a system of licenses.

No non-essential industry which uses materials essential for war purposes or employs labor which could be used in the manufacture of munitions now exists in England. Therefore, there is little risk of labor, which is engaged in the manufacture of munitions, leaving for civil work.

It was soon found in England that some manufacturers had taken on orders that could not be filled without a large increase in their labor force. Accordingly, such manufacturers had set about getting the necessary workmen in the most uneconomic way possible, that is, they tried to get labor from other plants. A system of labor auctioneering and enticement was found to be going on all over the country. This situation was ended by two regulations under the Defense of the Realm Act, which stated in effect that:

(1) No employer in the engineering industry (machine shops and other metal-working plants) should offer an enticement or endeavor to entice away an employee from any other employer in that industry. Should he do this, he was liable to a heavy penalty.

(2) The Ministry of Munitions was empowered to regulate and



restrict the employment of labor in any factory. If an employer offers an enticement to other labor, or if he is found using the labor he has in an uneconomic way (holding labor for future contracts or using a skilled man on a machine which a less skilled man could operate), an embargo is laid on that firm and it is not permitted to engage any labor of any sort except under license from the Ministry of Munitions. In this way a plant can be watched and the man power in that plant can be economized as much as possible.

### The Employment of Women

The expedients which were adopted to deal with the shortage of labor were the dilution of skilled labor and the substitution of women for men. Both were contrary to trade union practices and customs as they existed before the war, and were made possible only by the agreement between capital and labor. Employers brought unskilled workers, men and women, into their plants, put them on the easy jobs, promoted the men on the easy jobs to more skilled work, and in turn promoted those they succeeded. A case which occurred recently might be mentioned as an example of that process. A steel plant in Wales had put up some new furnaces and the Ministry was unable to supply sufficient skilled or unskilled men to operate these furnaces. Sixty-seven women were employed. They did not work the furnaces, but they replaced a corresponding number of laborers in the plant doing wheeling, unloading and loading of bricks and other material, breaking limestone, etc. The laborers so released were put on the lowest

skilled jobs in the plant—fourth-hand melters and mixers—the fourth-hand melters and mixers were promoted to be third-hand melters and mixers, and so on until a full staff had been created for the new furnaces. In other cases, skilled men who were neither over military age nor physically disqualified for the army were brought from the non-essential trades. For illustration — sanitary plumbers were trained to do lead burning for explosive factories; machinists were taken from textile trades and trained to do finer work on munitions.

Another system operated to confine the skilled man to the work which only a skilled man can do. If a skilled mechanic normally had been on a job which could be split up into two or three parts, he was confined to the part of the job requiring higher skill.

### War Munitions Volunteers

The War Munitions Volunteers system has been of tremendous assistance to England in stabilizing the labor supply and in controlling priority of labor on war work.

The War Munitions Volunteers are skilled workmen who have offered their services to the Ministry of Munitions for the duration of the war. They constitute a mobile force—now numbering about 200,000—which can be shifted into any form of munitions work that the Ministry considers especially vital at any given time.

Workmen have become members of the War Munitions Volunteers because of the appeal of patriotism and because membership carries with it exemption from military service. Members receive the

established rate of pay in the plant which they leave, or the plant to which they go, whichever be the higher.

The formation of the War Munitions Volunteers system has given many of the beneficial results of industrial conscription without any of the dangers. The Government can now select men scientifically whenever there is special need of additional skilled workmen in any factory or in any district, and these men can be taken from work on which their loss will be felt least. About the only alternative would be the offering of high wages on the most vital work, which would not only disturb the entire labor field but might take men away from work as important as that to which they are changed.

### Women's Wages

Later on, when practically all of the useful men had been drafted or had gone into munition industries, the Labor Supply Department adopted the scheme of using women for every job women could do or be trained to do. In this connection a condition attached to their use, agreed upon by both capital and labor, should be mentioned. It was agreed that women undertaking skilled work should receive the same day rate as skilled men and the same piece rate. A woman's wage could differ from that of a man only when employed on unskilled or semi-skilled work; and then she came under an order which fixed the minimum wage at a rate which in general came to about two-thirds of the man's wages, varying with the district involved. The lower rate on unskilled work was due to the fact that women were found to be

less effective on these general tasks, because on heavy lifting and such work it was found necessary to replace two men with three women.

The conditions of pay for women have not been particularly advantageous to employers directly, but indirectly they have been of very great value. As a result of the good wages that women have been able to earn on munitions work, employers have never lacked applicants for almost every kind of work. At the present time, the employment of women in England is limited only by the facilities for training them. As a further result of equal wages the class of women taken into the munitions plants has been much above the class of the factory girl and the woman employed by textile works before the war. Women of good position and with fair education have been found and this has undoubtedly had a very great influence on the variety of work on which it has been possible to employ women.

### Work That Women Are Doing

The English women have done far more in industry than any one expected. Every one probably realized at the beginning that there would be no difficulty in introducing them on simple repetition work of a light character. However, since the Ministry of Munitions first, towards the end of 1915, began to urge the employment of women, there has been a development which has surprised anybody who has seen anything of it—a development both in the extent to which the Labor Supply Department has found it possible to staff machine shops, and in the difficulty of the work on which it has been able to introduce



them. Shell, fuse, grenade and similar repetition work of an easy type, calling for no particular accuracy, is obviously women's work as far as the operating is concerned, but there are now shops that employ women on very nearly all the skilled work in shell factories. One factory, on light shells, employs about 94% women. Taking shell, fuse and grenade work as a whole, the average number of women employed is about 80%. On the skilled operations such as howitzer work, the averages are not so high, but there are individual cases which show just as high a percentage of women employees. In the largest English explosive factory there are 15,000 hands, and of these, 11,000 are women. On trinitrotoluol manufacture the average is about 80% women, and on the picric acid the average is about 40% women. On filling fuses and that class of work the average is generally well over 90%.

There are now in England over a million women working on munitions. They have undertaken work in every industry which has any bearing on munitions. Outside the machine shops their work is very largely laboring work, and they have undertaken laboring in every industry and under the worst possible conditions, even such conditions as exist in blast furnaces, acid works, iron and steel plants, etc.

For all simple repetition work it has been found that women need no training at all, but for the more highly skilled work on howitzers, aeroplanes, engines, etc., the Ministry of Munitions has had to help the employers by equipping training schools. By far the greater part of the women on that work have been trained in the factories themselves,

but the smaller factories have found considerable difficulty in doing their own training, and in many factories there is too little work of this nature on which women can gradually acquire skill. The Ministry has, therefore, established two classes of training establishments—training schools attached to various technical colleges that exist in most industrial centers, and factories taken over by the Ministry equipped as instructional plants. They do actual munition work in these training establishments. They do not attempt to give general training, but they give specialized training on a specific type of machine, and in that way the women acquire a considerable degree of skill in a period of from six to eight weeks.

At the beginning of the employment of women in 1915, practically all employers in England looked upon the introduction of a woman into a machine shop as being one of the horrors of war, but nothing has been so remarkable as the change in the attitude of the manufacturers towards the employment of women. Now if any question arises as to the employment of a woman or an unskilled man, no employer will hesitate to employ the woman. She has been found to be quicker in acquiring skill and is far better and faster than the type of man left in the factories now.

### The Shortage of Labor

A very serious shortage of labor came upon England suddenly and very unexpectedly, and as regards skilled labor the United States is probably no better off than England, because in the United States the unskilled man has been employed as an alternative to a

greater extent than in England in peace time. It is probably only a question of a few months before the United States will be faced with a serious shortage of labor."

The Chamber of Commerce of the United States has also prepared a condensed summary of important British labor changes, emphasizing some points not considered in the other condensation, and therefore is worthy of quotation in full:

## English Labor and War Production

### Employment of Labor

"In England today those engaged in certain specified lines of business may not employ men between the ages of 18 and 61. This indicates the extent to which England has gone after three years of war in her efforts to take men from the less essential industries and concentrate national effort on industries engaged on war work and other work of national importance.

### Restrictions Removed

Early in the war it became evident that if the troops at the front were to be furnished with munitions and supplies, men at home must work in a manner different from that established by trade union rules and practice. Restrictions upon labor made it impossible to produce the quantities needed. The labor unions agreed to the temporary modification or elimination of these restrictions upon the following conditions which were agreed to by the government officials:

1. The rules and practices were to be changed only for the period of the war;

2. No changes were to be made which unnecessarily affected established conditions;
3. Capital was to receive no advantage in the struggle between capital and labor. For example, profits were to be limited and wages controlled by government tribunals.

Upon these conditions labor agreed that there should be no stoppage upon work on munitions or other work required for the satisfactory completion of the war.

### Labor Conditions Changed

Three fundamental changes in labor conditions were brought about:

1. In certain classes of plants strikes are not lawful;
2. In such plants increases in wages may be asked only to offset increased cost of living;
3. Restrictions by labor unions against the so-called "dilution of labor," by the employment of women and of unskilled labor, have been laid aside for the war. Also restriction upon an individual's output.

### Employment of Women

The procedure regarding the employment of women illustrates the situation. When men went to the front women wanted to take their places in the factory, but union rules forbade the employment of women on many kinds of work. These rules were relaxed upon the following conditions, and more than one million and a half of women have in consequence been put upon men's work:

1. No woman was to be employed if any man was available for the work, even if this man was at a distance;
2. Men were to be reemployed upon the work when they returned from the war;
3. The standard of pay was not to be reduced, i. e., the minimum rates for men would apply to women.

### Post-War Conditions

Differences as to wages or conditions of employment are settled by arbitration, if possible, if not, by

the Board of Trade (later the Ministry of Munitions of War). A record is kept of all departures from pre-war conditions. After the war readjustments are to be made in connection with new inventions and other similar matters to create as near as possible the conditions which would have arisen on the basis of pre-war conditions. Furthermore, in general the government is pledged to use its influence to restore after the war the conditions affecting labor which existed before the war.

### Controlled Plants

In England today there are more than 5,000 so-called "controlled" plants. The use in this connection of the word "controlled" is misleading. The operation of these plants is not controlled or supervised. In fact, so far as management is concerned, the owners are quite as free as before the war. Only profits and labor are controlled. All profits of such companies in excess of 20% beyond the average net earnings of the two financial years next before the war are to be paid to the government Exchequer. If, however, these average net earnings—which are termed standard earnings—are not fair in the judgment of the Minister of Munitions, a different rate of earnings may be established by him. In arriving at this new standard of earnings the Minister may consider any pertinent circumstances such as increase of output, new machinery or plant, alteration of plant, etc.

Where the owner has used more capital or produced a greater volume of output than formerly, the Minister is to allow him either 8% per annum on the amount the

Minister decides is the amount of the additional average capital or such a share of the excess profit as the Minister decides to be the amount the owner would have earned by a similar increase of output during the pre-war period. The owner has the right to have whichever amount is the greater—the 8% or the additional fixed sum. In figuring the additional capital on which the 8% is calculated, there is included borrowed money (other than government loans) and also undivided ascertained profits which are re-invested in the business. The additional profits may, in the discretion of the Minister, be in lieu of or in addition to the permitted 20% increase above the standard profit.

### Labor in Controlled Plants

In such plants there may be no strikes or stoppage of work. The following rules apply:

- A. All employees "shall attend regularly and work diligently during the ordinary working hours of the establishment," including a reasonable amount of overtime—but Sunday work is not required;
- B. No employee shall "insist or attempt to insist on the observance either by himself or by any other person" of rules or customs tending to restrict production or "to limit the employment of any class of persons";
- C. No employee shall bring intoxicating liquors into the establishment; or be drunk in the establishment; or be guilty of a disturbance, or be disobedient to lawful orders; or tear down or deface any regulations, notices, etc.;
- D. These rules shall not interfere with the establishment's private rules; but these rules are "the only rules of the establishment in respect of which proceedings may be taken before a Munitions Tribunal."

A violation of the rules is an offense under the Munitions of War Act and is punishable by fine.



Those engaged upon certain classes of munition work are forbidden to induce workmen to enter their employ by offering increased wages or to bring workmen from a distance of more than ten miles. Such manufacturers are directed to apply for all men needed to the Labor Exchange of the Board of Trade.

Through the Board of Trade Labor Exchange and to meet such requirements as those above stated there has been created a volunteers' Industrial Reserve in which are enrolled men and women who agree to go wherever they may be required by the government and to engage in whatever work is given them. A large number of men and women have enrolled in this reserve and are acting under the instructions of the Ministry of Munitions. Such persons receive, in addition to their wages, a subsistence allowance from the government when they are compelled to live away from their families. This is for the purpose of making it possible for workmen to send their entire wages to their families. Where a workman is sent from one district into another he receives the wage of the old or new district according to which is the higher.

#### Leaving Certificates

All persons are forbidden to employ men within six weeks after they have left work, unless the man has a "leaving certificate" from the last employer stating that he left with the employer's consent. If such leaving certificates are unreasonably refused, the Munitions Tribunal may issue certificate having the same effect and impose a fine upon the manufacturer who refused the certificate.

#### Labor Battalions

As further indicating what has been done to secure labor needed in connection with the war, there have been organized, under the army, battalions of dock laborers at Liverpool, London and other ports. In London alone there are said to be not less than 10,000 dock workers in the army engaged in dock work. These battalions are sent where needed to assist in unloading ships. While at work they receive the regular worker's pay in addition to their army pay.

#### Labor Complaints

Under the Munitions Act there has been organized a National Advisory Committee on War Output, composed of seven labor representatives, this committee to receive complaints from labor with regard to the carrying out of the Munitions Act. Under this central committee there have been established more than 70 local committees. On these committees there are only labor men. The committees have no power but they are said to have been of material assistance in preventing labor disputes. All final decisions, however, must be made by the Ministry of Munitions.

#### Hours of Labor

There has been no limitation of the hours of labor in plants but the policy has been followed of continuing such hours as are usual in each business. As a matter of fact, there have been such excessive hours in some plants that a commission, appointed to investigate work and the relation of hours of labor to output, strongly recommend a reduction in hours where work was being done 10, 12 and 14 hours a day, seven days in the week.

## Training the Unskilled

To train women and unskilled men classes have been formed at technical schools. Also groups of untrained employees have been placed in plants under skilled men. In these two ways the unskilled have been made efficient, but it is said that the classes in the technical

schools have been of greater assistance in developing skilled labor.

It is evident from the above that the policy in England has been for the government to rely upon and to seek the close cooperation of organized labor. It is well for American business men to have this in mind."



## Britain Firm—America Hesitating

It is evident that the British Labor question has received systematic centralized attention. This is, of course, easier to accomplish in Great Britain than in America for several reasons including the following:

1. Size of country.
2. Homogeneity of population.
3. Many national strikes prior to the war resulted in about 10% of the entire population of the British Isles belonging to the Labor Unions which the Government has recognized officially and adopted as the mechanism for dealing with labor.

4. Having in the British Isles no sovereign bodies corresponding to our State Governments, centralized control was more natural and simple.

5. No large enemy alien population.

The very fact that our national conditions increase the difficulty of coordinating our labor efforts constitutes an excellent reason for making more vigorous efforts to do so. All of our Labor Committees are struggling valiantly in their individual fields and are also endeavoring to cooperate, but cooperation without aggressive leadership seldom succeeds. *The greater the number of co-equal authorities the greater the need for a chief.*

It is difficult to understand how any of these labor committees can do comprehensive work without highly organized statistical and investigational auxiliaries.

The Department of Labor has been said in the Press to have the following program:

(A) To extend to a number of industries having war contracts the

system of Wage Adjustment Boards.

(B) To increase the number of war department contracts containing clauses providing that in case of suspension of work by strikes the Secretary of War shall settle the disputes.

(C) To enforce agreements not to reduce wages.

(D) To encourage employers to form associations by industry groups.

(E) To press informally for adjustment of disagreements before they reach the strike stage.

### Was the Public Told?

In August the Department of Labor had no complete record of strikes and its staff of investigators, in spite of increasing recurrence of strikes, was smaller than it had been three months earlier. This was said to be due to lack of appropriations. *In other words, the Department chiefly charged with labor knowledge and activity had insufficient funds with which even to list the trouble spots.*

Comparatively recently seven or eight hundred thousand dollars, it is said, have been appropriated by the President from his War Emergency Fund which, together with the Congressional appropriation of \$250,000, enables the Department of Labor better to meet for a time its responsibilities. But most of the other obstacles still operate—(chiefly lack of concentrated authority and comprehensive plan).

It would be interesting but useless to consider how much trouble could have been averted by earlier application of help from the Emergency Fund.

The labor situation is so fraught with political difficulties and other dangers that one can understand the reluctance to take a firm constructive hold upon it. But unfortunately the difficulty is rapidly increasing, so the sooner centralized action is taken the quicker the political boomerang is likely to be eliminated—leaving out of account the advantage to our national plans and safety. In considering our national problems one is not warranted in dating their beginning with our entry into the war because our real problems began in common with the rest of the world in August, 1914.

Realizing her extreme danger Great Britain from that date has shown a resourcefulness and an astonishing willingness to step into the unknown, which go far to explain her long existence as a nation. Even while experimenting, however, she is doing things thoroughly. Her accumulation of information bearing upon every important subject, her analyses of past, present, and future are lessons worthy of our careful consideration. The following extracts from the report of her Commission appointed June 12th and July 3rd, 1917 to inquire into the Causes of Industrial Unrest may prove of interest:

"In order that the principal points of agreement and difference between the eight reports may be readily seen, I submit the following brief summary of the Commissioners' findings and recommendations:

(1) High food prices in relation to wages, and unequal distribution of food.

(2) Restriction of personal freedom and, in particular, the effects of the Munitions of War Acts. Workmen have been tied up to particular factories and have

been unable to obtain wages in relation to their skill. In many cases the skilled man's wage is less than the wage of the unskilled. Too much centralization in London is reported.

(3) Lack of confidence in the Government.—This is due to the surrender of Trade Union customs and the feeling that promises as regards their restoration will not be kept. It has been emphasized by the omission to record changes of working conditions under Schedule II, Article 7 of the Munitions of War Act.

(4) Delay in settlement of disputes.—In some instances 10 weeks have elapsed without a settlement, and after a strike has taken place, the matter has been put right within a few days.

(5) Operation of the Military Service Acts.

(6) Lack of housing in certain areas.

(7) Restrictions on liquor.—This is marked in some areas.

(8) Industrial fatigue.

(9) Lack of proper organization amongst the Unions.

(10) Lack of communal sense.—This is noticeable in South Wales, where there has been a break-away from faith in Parliamentary representation.

(11) Inconsiderate treatment of women, whose wages are sometimes as low as 13s.

(12) Delay in granting pensions to soldiers, especially those in Class "W" Reserve.

(13) Raising of the limit of Income Tax Exemption.

(14) The Workmen's Compensation Act.—The maximum of £1 weekly is now inadequate."

So intent is Great Britain upon facing the future intelligently and bravely that the man who is largely credited with that great achievement of building up the Ministry of Munitions, Dr. Christopher Addison, has been appointed Minister of Reconstruction and he is already actively at work on the problems of the future. A report of one of his sub-committees charged with improving relations between employers and employed contains some suggestive paragraphs:

"1. The terms of reference to the Sub-Committee are:—

"(1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.

"(2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future."

2. After a general consideration of our duties in relation to the matters referred to us, we decided first to address ourselves to the problem of establishing permanently improved relations between employers and employed in the main industries of the country in which there exist representative organizations on both sides. The present report accordingly deals more especially with these trades. We are proceeding with the consideration of the problems connected with the industries which are less well organized.

3. We appreciate that under the pressure of the war both employers and work-people and their organizations are very much preoccupied, but, notwithstanding, we believe it

to be of the highest importance that our proposals should be put before those concerned without delay, so that employers and employed may meet in the near future and discuss the problems before them.

4. The circumstances of the present time are admitted on all sides to offer a great opportunity for securing a permanent improvement in the relations between employers and employed, while failure to utilize the opportunity may involve the nation in grave industrial difficulties at the end of the war.

It is generally allowed that the war almost enforced some reconstruction of industry, and in considering the subjects referred to us we have kept in view the need for securing in the development of reconstruction the largest possible measure of cooperation between employers and employed.

In the interests of the community it is vital that after the war the cooperation of all classes, established during the war, should continue, and more especially with regard to the relations between employers and employed. For securing improvement in the latter, it is essential that any proposals put forward should offer to workpeople the means of attaining improved conditions of employment and a higher standard of comfort generally, and involve the enlistment of their active and continuous cooperation in the promotion of industry.

To this end, the establishment for each industry of an organization, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the



general interest of the community, appears to us necessary.

5. Many complicated problems have arisen during the war which have a bearing both on employers and workpeople, and may affect the relations between them. It is clear that industrial conditions will need careful handling if grave difficulties and strained relations are to be avoided after the war has ended. The precise nature of the problems to be faced naturally varies from industry to industry, and even from branch to branch within the same industry. Their treatment consequently will need an intimate knowledge of the facts and circumstances of each trade, and such knowledge is to be found only among those directly connected with the trade.

6. With a view to providing means for carrying out the policy outlined above, we recommend that His Majesty's Government should propose without delay to the various associations of employers and employed the formation of Joint Standing Industrial Councils in the several industries, where they do not already exist, composed of representatives of employers and employed, regard being paid to the various sections of the industry and the various classes of labour engaged."

The first annual report of the United States Shipping Board issued December 1, 1917 says:

"The mere placing of contracts and disbursements of funds, however, is a relatively small part of the work of building ships, and tables of ships under contract and estimated expenditures give but an inadequate picture of the Corporation's task. In the last analysis it

is man-power that builds ships, and the mobilization of a large, competent, trained, and willing force of workers for the shipyards of the country has been among the most important of the Corporation's activities. An Industrial Service Department has been organized to aid in the solution of this problem.

The problem has been a threefold one—first, getting men; second, keeping men; and, third, fitting men for their respective tasks.

In procuring men for shipbuilding service, the Corporation has had the cooperation of the Department of Labor in assisting shipbuilding officials as to ways of getting in touch with sources of labor supply and in the intelligent use of state and federal employment offices. A large development of this work will shortly take place, when the Department of Labor in cooperation with the Corporation, shall have established shipbuilding recruiting centers.

The retention by shipbuilders of men at their plants has involved a careful study of the problem of "hiring and firing." It has been found that yards employ from two to six men for each job during the course of a year, with obvious losses in efficiency and waste of effort. A weekly man-power audit of each shipyard is now being conducted by the Industrial Service Department, which has been of great assistance to shipbuilders in eliminating wasteful practices, and in setting up new standards of employment.

With the cooperation of the heads of the international labor unions, a far-reaching scheme of industrial education has been put in operation. An instructor training center has been established at Newport



News, to which from 75 to 150 skilled mechanics are to be delegated by selected yards for a six-weeks' course, to learn how to impart a knowledge of their trades to recruits in the shipyards. In the course of six months the graduates of this training center, and of such others as may be established, will be in a position to initiate 75,000 new workers, mostly from kindred trades, in shipyard employment.

The housing of the new workmen brought into the shipbuilding work, especially in connection with newly established yards, has presented a serious problem, and plans are under consideration to meet it in a comprehensive way."

It is the belief of many well-informed investigators that the cooperation, necessary to meet the demands for shipbuilding labor alone with adequate speed, cannot be obtained under present conditions. Various labor committees are rushing about the country to perform their functions without previous division of territory or adequate plans to prevent confusion, overlapping and competition. Even were this not true the shipbuilding labor cannot be obtained and kept satisfied without elimination of competitive bidding on the part of Government and private organizations; and in fact, the rates of pay for each class of worker in all the important war activities must be coordinated in the various districts in order to achieve any stability of employment and prevention of the unrest now everywhere apparent.

#### Public Opinion Helps

The Merchants' Association of New York, with a patriotic zeal and initiative which is setting a wholesome

example to other cities and also to our Federal Government, has appointed a special Advisory War Shipping Committee.

This Committee concludes:

#### Transportation Facilities Needed

"Most of the shipbuilding yards in this vicinity have given a detailed account of their problems to the Committee. A tabulation of the problems of the various yards shows that the problem most frequently confronting the shipbuilders is that of obtaining additional and improved transportation facilities.

The second most important problem is that of providing additional housing facilities.

An inadequate labor supply is also a vital problem at the present time.

Some yards are prevented from reaching maximum efficiency by the delay and difficulty in getting tools and accessory parts for ships.

Other problems which shipbuilders report as serious are the difficulty of preventing the shifting of labor from yard to yard, long delays by Exemption Boards in deciding industrial claims to shipbuilding employees, lack of realization on the part of labor and the public of the importance of building ships, and the necessity of a larger supply of shipworkers with special skill.

#### The Housing Situation

The reason for the decision of the Committee to exert immediate efforts to improve the housing situation can be seen by a study of the most important problems reported.

The problems of providing additional housing facilities, of improving transportation facilities and of

obtaining a greater supply of labor are practically one problem, inasmuch as the difficulty of obtaining labor is in many cases due almost entirely to lack of housing and transportation facilities. One shipbuilder states that his one great problem is to get 2,000 workmen, but he thinks this problem could easily be solved if he could provide housing accommodations for them.

The immense amount of capital which shipbuilders have had to put into plant enlargement absolutely prevents most of them from investing in houses. On the other hand, private builders will not construct houses enough because of the high cost of materials, scarcity of workmen and future uncertainty. The Liberty Loans have taken much of the investors' money which might otherwise be loaned to builders of houses. Shipbuilders are practically unanimous in stating that the Government must finance the building of workmen's houses if the required ships are to be produced. There are indications that the Government has already given careful attention to this matter."

A bulletin issued last Fall by the Patriotic Education Society cited the following specific cases as illustrating conditions which were threatening the Shipping Board's building program:

"1. The output of ships from the yards of the Newport News Dry Dock and Shipbuilding Company, our largest shipyard, is only about 50% of what it should be, owing to the unintelligent handling of the labor housing question. The company has asked the Government to appropriate \$1,000,000 to \$2,000,000 for workingmen's houses to be built on land provided by the company. The Emergency Fleet Corporation

offers to build the houses, but insists upon securing a mortgage on the company's plant. On the other hand, the company argues that the houses will be a dead loss after the war, and that the Government should stand this loss by accepting a mortgage on the houses.

### While the Argument Progresses, Ships Are Not Being Built!

2. The spirit of trade and barter has held up work on the Government-owned yards and continues to make for delay. Contracts for building and operating the yards at Hog Island, Pa., at Port Newark and at Bristol Point, were drawn up by General Goethals. They were not signed for four months, while the Government and the private corporations bickered over price.

### Saving Dollars but Losing Ships' Tonnage!

3. The contract for building the yard at Port Newark and operating it under Government supervision, upon completion, was awarded the Submarine Boat Company. This company was organized by the same men who built submarine chasers for the British in record time. In order to launch the new ships, it is necessary to dredge 3,000,000 cubic yards of soft mud to the channel of Newark Bay. An experienced dredging concern, called in by the Government, advised that 12 feet was the minimum depth in which to launch a ship at mean low water. Again the question of cost was allowed to intervene. Instructions were given to a Newark engineer to prepare plans for dredging to a depth of 7½ feet, although 7½ feet would not give sufficient water for launching. A glance at a tide chart would have

shown the Emergency Fleet Corporation the absurdity of its position. The controversy is as yet unsettled, although it is proposed to work a single Government dredge, said to be entirely inadequate to dredge the harbor before the freezing weather sets in. The Submarine Boat Company expected to lay the keel for its first ship in February and to be able, upon completion of the first hull, to launch two boats a month thereafter. It is doubtful if the first keel can be laid before July.

### This Is Not Winning the War!

4. Labor is the all-important question in building ships, but the sites for the Government yards have been selected without considering this question. There is no possibility for housing the workers on the ground, but they have to be transported a distance. In one instance the Government yard has been located upon an open sewage canal. Probably the entire national labor problem will have to head up to a labor dictator before the shipbuilding problem can be satisfactorily met.

### This Is Not Encouraging Labor to Build Ships!

5. Three hundred hulls are being built in Atlantic and Gulf shipyards. Weeks went by before it seemed to be recognized that hulls could not cross the Atlantic without engines. Then the Emergency Fleet Corporation resorted to hoary precedent, advertising for bids for installing the engines, although the country's capacity, under existing conditions, was filled."

The *New Republic* for November 17, 1917, demands a national labor policy and presents several constructive

thoughts in relation thereto, some of which are quoted below:

## A National Labor Policy

In the absence of a national policy, responsibility for labor negotiations has become widely scattered and no semblance of a uniform point of view is discoverable. The Labor Sub-Committee of the Council of National Defense, the Interdepartment Committee, the National Labor Adjustment Commission, the Shipyard Labor Board, the Labor Commission, which recently left for the West, the Board of Control on army garments—these specially created agencies are all primarily engaged in adjusting the demands of labor for the War and Navy Departments, for some contract shops and for a relatively few sub-contracting establishments. The remaining government departments deal with their employees along lines of their own choosing. The great mining, transportation and manufacturing plants which have no direct government contracts either negotiate with labor on some previously agreed basis of which the anthracite coal agreement is an instance; or they have no considered basis at all as in the case of the steel industry.

The confusion created by this diversity of agencies and lack of agencies is grossly uneconomical. Production executives confronted with the insistent claims of labor are bewildered to the point of distraction. Although admittedly outside the field in which they are expert, managers are being forced to turn their entire attention to human problems in order that the wheels may be kept moving. This is unfortunate not only because



expensive technical executives are diverted from their specialties, but because they must attend to labor problems which for successful solution require a quality of mind peculiarly adapted and trained.

It happens also, in the absence of a uniform policy, that when two or three departments let contracts to one corporation the same group of employees must be dealt with under the two or three disparate sets of terms of the respective departments—a state of affairs not calculated to reassure workers that wisdom, economy and justice are determining the treatment which is accorded them.

But the existing confusion is not without its hopeful phases. Elements of sound policy are to be found, here a little and there a little; and an effort to group into one effective platform on national industrial relations the best features of the several existing methods of handling the human factor should result in a policy which would leave little to be desired. Immediate consideration of these successful methods and of the principles which underlie them is essential, if the policy is to have practical value in the present crisis.

There is, first, the principle of representation which requires participation of all interests in deliberations which affect them. Several of the new agencies have from the start acted upon this basis. The Adjustment Committee of nine, for example, includes three employers, three representatives of workers and three of the public. But there is a necessary corollary to this principle, which has also to be recognized; namely, representation not only by interests in general but by immediately involved interest in

particular. On the shipbuilding labor board, notably, the representation is more satisfactory because all parties are chosen from the plant in which the dispute has arisen. Of equal importance today with a jury of peers is a jury composed at least in part of those versed in the technique around which the controversy centers.

The second principle, also implied in the first, requires the existence of a collective agreement in which certain of the terms of employment are definitely set forth, and certain guaranties mutually afforded. This sensibly puts negotiations on a footing of equal bargaining power, and it stabilizes employment for the laborer and costs for the manager. The federal government has entered into a collective agreement with the representatives of the several trades necessary to shipbuilding and has by so doing admitted the practical utility of collective contractual relations.

There is, again, implicit in the collective bargain the acceptance of union standards of employment. Perhaps no element in a national labor policy is at the moment more important than this. The union standards of pay, although they vary from place to place and from trade to trade, are standards that represent a momentary equilibrium between the downward pressure of employers and the upward thrust of organized workers. Union standards represent the least that the workers feel they can safely accept if they are to maintain their status as fathers and citizens. In a day of fluctuating living costs when practical working standards of pay must be achieved, the union scale with all its shortcomings stands as the best available.



The initial formulation of national policy would, therefore, include the requirement of collective bargaining, with expert representative deliberation on all problems where the interests of the workers are affected, and the acceptance of union standards of pay, hours and working conditions as the minimum below which no work would be carried on. So much would be only a correlation and uniform adoption of already familiar practices. But this is not enough. It is never sufficient to agree that certain terms will become operative without making provisions for their enforcement. Moreover it is never sufficient—and in war time approaches fatal negligence—to provide only for settlement of grievances after they have become acute. The demand for prevention must lead us to provide in our policy for a national instrument of permanent inquiry and report on the causes of discontent both before and after the strike stage is reached. The commission which is now investigating in the West is not at present intended to fulfil this function; nor has the small staff of the Department of Labor been commandeered to meet more than a tiny fraction of this need. The requirements of the situation make necessary a new body with new duties, powers and resources.

A National Bureau of Industrial Relations is needed. It should have for its province (1) to know all the places where government work is being done; (2) to know in as great detail as possible the terms and conditions under which that work is being undertaken in order to be able to enforce existing agreements; (3) to ferret out and try to adjust at once all complaints arising in the

shops; (4) to investigate and report to the several existing adjustment boards the facts of pending controversies which the Bureau itself is unable to settle. The uniform method of exhaustive report and the publicity of conditions which have resulted so beneficially in the finances of our railroads in the last decade of the Interstate Commerce Commission's activity, are now imperative in the labor affairs of all corporations performing the public service of war production, and in the labor affairs of the government shops themselves. We need a national fact-finding body as trained and discriminating in the labor field as the Interstate Commerce Commission is in its own domain. Without in any way dislocating the judicial functions of all existing boards it would be possible greatly to strengthen their hands by giving over to one competently conducted agency the work of discovering violations of agreements already in force, of finding the reasons for pending troubles, and of laying bare before the fact, causes of potential disturbance.

This National Bureau, conducted with honestly progressive purposes, would indeed be the safety valve through which much pent-up distrust, ill-will and rankling bitterness could be innocuously released; and its work would be the surest guaranty that new difficulties would be kept at a minimum. Operating on a basis of the national policy we have suggested, this agency would give the working class a new sense of the government's awareness, of its sympathy with and understanding of their needs, of its desire to be an active partner in the enterprise of making industry safe for

a democracy. It could, in fine, be the articulate working mind, thinking and planning to see that, in the conduct of the war, labor was being reckoned with considerably, affirmatively and with a prophetic sense of the more secure and responsible place which the worker is destined to occupy in the post-war economy.

The expense incident to the effective functioning of this Bureau would undoubtedly be large, but in view of the savings it would effect the net cost would be negligible. Moreover the closest working cooperation should be established with the Department of Labor to the end that its trained investigators and its existing machinery be so far as possible put at the Bureau's disposal. And the manifold committees created under the Council of National Defense and other bodies, to whom aspects of the labor

problem have already been entrusted, would unquestionably find their maximum usefulness under the immediate guidance of this accredited and responsible agency. But in any case the element of cost must be completely subordinated to the larger ends in view.

The task of integrating our governmental war machinery is already well under way. The next step imperatively called for is the creation of one authoritative, unified body committed to the definition and promulgation of a liberal national labor policy and to widespread and impartial investigation of the sources of unrest. Controlled by this policy and guided by the truly relevant facts which such investigation would disclose, our war industries will achieve a productivity and a harmony to be secured in no other way."

## VI

# Capital and Labor Have Locked Horns

### Labor Dictator Needed

We doubt whether the labor program can be solved through the old-established peace-time channels any more successfully than the present Congressional investigation indicates that the War Department can well conduct purchasing and manufacturing business on a national scale.

Illustrating the futility of existing methods, a San Francisco editor under date of December 26th, 1917, writes:

"In November the Labor Adjustment Board, presided over by Secretary of Labor Wilson, adjusted the wage disputes in the metal trades on the Pacific Coast by granting a *minimum* base wage of \$5.25 a day of eight hours, as against a *maximum* wage of \$4.80 in the same trades on the Atlantic Coast. Having done this, the Federal officials went home. They were followed immediately by a committee of ironworkers. In Washington the subject was reopened, while the employers were not present, and without consulting the employers the Federal officials granted the ironworkers an increase of 10% over and above the wage scale fixed in conference. This increase was to apply only to the shipyard workers. As a result of this action, 15,000 workers in the metal trades not engaged in shipyard work, but manufacturing tractors, airplane motors and other war materials are striking today."

The peace-time bureaucratic machine has too rigid delimitation of powers and privileges, too many checks

against making mistakes to permit of rapid expansion of activity without at the same time developing an overwhelming opposition of jealousy and red tape. For that reason the question arises whether a Labor Dictator or Administrator, responsible directly to the President, free from affiliations which would arouse unnecessary antagonism from employer or employee, a man in whom the great American public would have confidence as to his justice, integrity and ability, one whose courage would prove equal to presenting the real facts for the decision of the public regardless of influence by either capital or any labor groups, may not be vitally necessary as a war mechanism.

Capital and organized labor have today virtually "locked horns" and view each other with increasing distrust. For this reason the public and the Government must take matters into their own hands.

The Chamber of Commerce of the United States, through its Committee on Cooperation, with the Council of National Defense, outlines the attitude of our Government toward labor in its war bulletin No. 15 issued August 24th, 1917, as follows:

## Our Government and Labor

### Department of Labor

"The point of contact between our government and labor problems is the Department of Labor. When the President, Secretary of War, or other member of the Administration desires information or advice

with regard to some labor problem, reliance is had upon the Secretary of Labor. Consequently there should be widespread knowledge of the Secretary's official statement concerning his general position regarding labor activities during the war and controversies between employers and employees during this time.

### Existing Standards

First, it may be said that on April 7, 1917, the Council of National Defense adopted a resolution submitted by the Executive Committee of the Committee on Labor of the Council of National Defense, including the following:

"That the Council of National Defense will issue a statement to employers and employees in our industrial plants and transportation systems advising that neither employers nor employees shall endeavor to take advantage of the country's necessities to change existing standards. When economic or other emergencies arise requiring changes of standards, the same shall be made only after such proposed changes have been investigated and approved by the Council of National Defense."

### No Advantage of Abnormal Conditions

The Secretary of Labor is, of course, a member of the Council of National Defense and on April 23, 1917, speaking for the Council, he said with reference to the above resolution:

"The Council of National Defense takes this position, that the standards that have been established by law, by mutual agreement, or by custom should not be changed at this time; that where either an employer or an employee has been unable under normal conditions to change the standards to their own liking, they should not take advantage of the present abnormal conditions to establish new standards."

He also said:

"That employers and employees in

private industries should not attempt to take advantage of the existing abnormal conditions to change the standards which they were unable to change under normal conditions."

### Hours of Labor

The Secretary mentioned the hours of labor as among the standards referred to and pointed out that by custom certain standards constituting a day's work had been established varying from seven hours per day in some kinds of office work to 12 hours per day in continuous-operation plants.

### Organization of Unions

With regard to the organization of unions, the Secretary said that, speaking solely for himself, his attitude was that

"Capital has no right to interfere with workingmen organizing labor any more than the workingman has a right to interfere with the capitalists organizing capital. The two are on a parity on that point, and so my feeling is that in the present emergency the employer has no right to interfere with you in your efforts to organize the workers into unions, just as you have no right to interfere with capitalists organizing capital into corporations. If you can get a condition where efforts to organize the workers are not interfered with, and where a scale of wages is recognized that maintains the present standard of living, it occurs to me that for the time being no stoppage of work should take place for the purpose of forcing recognition of the union."

### Government's Policy

The above statements should be carefully studied by all business men as they represent the declared policy of the government with regard to labor matters in connection with the war.

There is no doubt that many persons in the government today believe that it is important in connection with the prosecution of the war that labor should become



organized and be dealt with by the employer and the government through these organizations.

### British Policy

The message brought to this country by James Thomas and Charles W. Bowerman, who were sent over from England by Lloyd George to advise this country as to what had been done in England in connection with labor problems, was that the English government throughout the war had recognized the importance of dealing with labor through labor organizations, having encouraged the further organization of labor and dealt with organized labor on all problems which affect labor. In England labor has been largely unionized for some years.

### American Conditions

On the other hand many persons here emphasize that conditions in this country are essentially different from those in England, and that in this instance, as in others, English experience will be most helpful to us if used with discretion.

All agree that industrial peace should be promoted during these times of concentrated national energy. As indicated above, the spokesman for the government has taken the position that industrial peace will be promoted by continuing the status existing when the war began so far as standards of hours and recognition of the union are concerned. But the Secretary of Labor has expressed his personal opinion that the peaceful organization of unions may go on."

The nearest approach in this country to a sociological research labora-

tory is the National Industrial Conference Board which was organized to obtain facts relating to and present conclusions bearing upon important sociological problems. Under date of September 6th this Board presented the following report:

### *"The Council of National Defense: Gentlemen:*

Some months ago, at the suggestion of Mr. Howard Coffin, a committee of five was appointed by the National Industrial Conference Board to advise with him in matters relating to the economics of industry, which committee has been officially designated the Advisory Committee of the National Industrial Conference Board. At his suggestion we are here to present certain statements and recommendations regarding the relations of employer and employee and the adjustment of possible differences, *during the period of the war.*

The National Industrial Conference Board is a cooperative and advisory body of representative manufacturers constituted through the selection of two members by and from each of the following National Associations:

American Cotton Manufacturers' Association.  
American Paper and Pulp Association.  
Electrical Manufacturers' Club  
Manufacturing Chemists' Association of the United States  
National Association of Cotton Manufacturers.  
National Association of Manufacturers.  
National Association of Wool Manufacturers.  
National Automobile Chamber of Commerce.  
National Boot and Shoe Manufacturers' Association.  
National Council for Industrial Defense.  
National Erectors' Association.  
National Founders' Association.  
National Implement and Vehicle Manufacturers' Association.  
National Metal Trades Association.  
Rubber Association of America, Inc.  
Silk Association of America.  
United Typothetae and Franklin Clubs of America.

In order that the statements and

recommendations which the Committee here makes may be truly representative of industrial opinion, we have called to our counsel the executive heads of the foregoing seventeen national associations comprising in their membership more than eighteen thousand manufacturers, representatives of a majority of state associations of manufacturers, and, in addition, a large number of executive officers of industrial organizations engaged either directly or indirectly on the production of war essentials. These statements and recommendations express the unanimous opinion of this large body of representative manufacturers.

In approaching a discussion of the relation of employer and employee at this critical hour, we believe we are animated by a spirit worthy of the time and place and the gravity of the circumstances, which makes an equitable and harmonious adjustment of employment relations a matter of national necessity.

The Council of National Defense has deemed this subject of such consequence that it created a Committee on Labor, substantially directed and controlled by representatives of the largest national unions which, after due deliberation, issued through its executive committee a statement apparently intended to declare certain fundamental policies of industrial relationship which should apply during the period of the war. Perhaps the most important sentence of this statement was the declaration that *"neither employers nor employees shall endeavor to take advantage of the country's necessities to change existing standards."* Differences of interpretation and opinion led

to a further amplification and explanation and accompanying declarations, which were endorsed by the Council of National Defense.

These were to the effect, that standards of safety and service established by the State or Federal law should remain in effect unless and until, under the exigencies of war, the Council of National Defense, after proper investigation, should recommend some modification as essential to the national safety. It was likewise urged that, inasmuch as the standard of living was particularly dependent upon the purchasing power of wages, no arbitrary wage change should be sought through the medium of strikes or lockouts by employer or employee without affording the established State or Federal mediums of arbitration or conciliation an opportunity to adjust disputes without stopping production, and it was especially urged that *"employers and employees in private industries should not attempt to take advantage of the existing abnormal conditions to change the standards which they were unable to change under normal conditions."*

Despite these timely admonitions, we find ourselves entering the fifth month of war faced with unprecedented demands for war production, seriously interrupted and delayed by numerous strikes and threats of strikes in every part of the country, some of which *are likely to* assume the proportions of a national interruption of essential service in our factories and ship-yards.

Let it be clearly understood that we, without equivocation, endorse the maintenance of every necessary regulation for safety and

health and the fair adjustment of wages in accordance with the American standard of living and the increasing cost of its maintenance. So far as we know, the American manufacturer can and will pay any advance in wages which expresses corresponding labor efficiency. Hours of labor have been universally contracting under the influence of many causes, the chief of which has been the always increasing development of labor-saving machinery constantly multiplying the producing power of human effort. We enter the war with the average hours of labor in American manufacture, as shown by the Government Manufacturers census of 1914, very considerably less than the average hours of labor recommended for either sex in British industry in the Reports of the Health of Munition Workers Committee to the Minister of Munitions during 1916.

We also submit that the Naval Consulting Board, reporting upon its preliminary investigation of manufacturing establishments capable of munition work, found the total number to be 18,654, and that of these 16,787, or 89% were "open" shops. Of 1,950 establishments usable for the manufacture of ammunition powder and explosives, guns and gun material, gun carriages, limbers and accessories, personal military equipment, tools, gauges and punches, machine tools and aeroplanes, all but 73 are "open" shops. (Senate Document No. 664, 64th Congress, 2nd Session, page 40.)

With respect to wages, a great body of munition production for the Government proceeds under a contract wage law, assuring at least time and a half for all overtime in

excess of eight hours, so that for like tasks industrial wages for war work are universally increased by the operation of statute in every plant whose contracts come within its scope. Antecedent to our entrance into the war general wage increases in large amounts had been voluntarily given throughout the generally prosperous industries, so that it may be fairly said that our wage scale on the average was, actually as well as nominally, greatly superior to that of any belligerent country. But despite this condition and the increase by statute of wages for the subject matter of our own war production, it is inevitable that wage differences will continue to arise. The vital thing is that such disputes shall be adjusted without interruption of production necessary to national defense. To this end we believe that manufacturers are ready and anxious to cooperate in the establishment of a representative and equitable system of adjustment, *for the period of the war.*

There are, however, other "standards" of employment than those relating to hours and wages which are of critical importance not merely to efficient production but to the institutions of a free people. Strikes are threatened and are occurring in increasing numbers to compel the exclusive employment of union men. This, we emphatically urge, is contrary to any fair interpretation of the spirit and letter of the fundamental policy declared by the Council "*that employers and employees in private industries should not attempt to change the standards which they were unable to change under normal conditions.*"

Can there be any doubt that to



undertake to open a "closed" shop or close an "open" shop under the exigencies of war is an evident attempt "to change the standard which they were unable to change under normal conditions?" This is the view frankly presented by Mr. Thomas, the English labor representative, in his suggestions to the Committee on Labor of the Advisory Commission of the Council of National Defense, when recommending conduct predicated upon his British experience, he declared, according to *The American Federationist* for August of this year:

"Let the employer say: 'I am not desirous of taking advantage of the war to break down something that I never believed in.' On the other hand, let the employees say: 'Whilst anxious to maintain the law, we are not anxious to take advantage of the war to enforce something during the war that we could not obtain in peace times.' With both sides recognizing that, I repeat, I believe they will find a solution."

Secretary of Labor Wilson apparently endorsed this view when on April 23d, 1917, in an explanatory statement on behalf of the Council he said: "that where either an employer or an employee has been unable under normal conditions to change the standards to their own liking, they should not take advantage of the present abnormal conditions to establish new standards." This, we urge, declares a sound policy and a fair interpretation for the Council to place upon its recommendation.

Moreover there is a labor shortage which will necessarily be intensified by withdrawing from industry the personnel of its contribution to our armed forces. In this crisis America needs the service of every citizen. We can no more depend upon one class to operate our

factories than to fill the ranks of our armies. Therefore, it is inconceivable that the Government can tolerate, much less approve, any proposal which makes membership in a private organization a prerequisite to a citizen securing employment in production for the war. All citizens, union or non-union, are equally entitled to, and must receive like consideration from their government and equally enjoy the full protection of national authority in every circumstance of daily life. The assertion is untenable that a minority or a majority of employees in any industry by voluntarily associating themselves into an organization acquire authority or right over the equal liberty of those who do not care to do likewise. As was said in a great public document:

"This all seems too plain for argument. Common sense and common law alike denounce those who interfere with this fundamental right of the citizen. The assertion of the right seems trite and commonplace, but that land is blessed where the maxims of liberty are commonplaces."

(Report of Anthracite Coal Strike Commission, 1902.)

To win this war we can sacrifice everything but the principles of the Republic and the fundamental rights of citizenship it was founded to protect. The right to pursue a lawful calling and to live free from annoyance and molestation is the primary if not the greatest privilege which society is founded to sustain.

The British policy expressed in its Munition Acts is that *all* labor, whether it be that of the employer or the employee, of men or women, of union or non-union, of the skilled or unskilled, shall be employed to the best advantage of the country. Neither restriction nor discrimina-



tion, nor, in "controlled shops," strikes or lockouts are permitted. A Ministry of Munitions is successfully promoting the expeditious output of munitions by employing all the available labor to that end. With due regard to the plant and equipment of each establishment it has successfully subordinated conflicts between employer and employee to the winning of the war.

To the same great end we propose through you, in the presence of the public, that employer and employee, organized and unorganized, shall pledge themselves to prevent strikes and lockouts, to deal rationally and unselfishly through a representative tribunal with serious wage disputes, and for the period of the war, not compel or attempt to compel discriminations in employment by strikes, threats of strikes or lockouts.

We further submit that under the present circumstances of national necessity, it is the duty of both the manufacturer and of organized labor to jointly cooperate with the Government that sedition in any of its manifold forms, whether masquerading in the name of labor or under any other guise, shall be ruthlessly exposed and suppressed.

To epitomize our conclusions and recommendations we urge:

1. That as a basis of mutual understanding employer and employee recognize and agree that now and for the period of the war continuous, efficient production can alone equip and sustain our military forces. Every dispute, whatever its motive, which interrupts production, furthers the ends and operates to the advantage of the public enemy.

2. The Nation needs the service of every citizen. Its industrial workers are as indispensable to victory as the soldier on the firing line. The non-union man is as necessary in the factory as he is in the army. On economic as well as indisputable moral grounds the Government can, therefore, neither permit nor tolerate the exclusion of any laborer from productive employment. We, therefore, urge the Council to adopt and re-assert as its guiding principle the fundamental American doctrine authoritatively stated by the Anthracite Coal Strike Commission with the approval of representatives of both employers and unions included in its membership and commended as the basis of industrial adjustments by Presidents Roosevelt, Taft and Wilson.

"That no person shall be refused employment or in any way discriminated against on account of membership or non-membership in any labor organization; that there shall be no discrimination against, or interference with, any employee who is not a member of any labor organization by members of such organization."

3. The Council's reiterated recommendation that

*employers and employees in private industries should not attempt to take advantage of the existing abnormal conditions to change the standards which they were unable to change under normal conditions,"*

should now receive an unambiguous interpretation to assure its practical application as a working principle. To this end we propose:

- (a) That applied to existing statutory regulations intended to promote safety and health, it shall be agreed that for the period of the war there shall be no suspension or modification of such provisions, except upon recommendation of the Council of National Defense after due investigation by its agencies and when, in its judgment, required by the exigencies of war;

(b) Applied to wages, demands shall be tested by the prevailing local standard of the establishment in effect at the beginning of the war with such modification as may be shown to be necessary to meet any demonstrated advance in the cost of living.

(c) Applied to hours, the standard shall be those established by statute or prevailing in the establishment at the beginning of the war subject to change only when in the opinion of the Council of Defense it is necessary to meet the requirements of the Government.

(d) Applied to what are commonly known as "open" or "closed" shop conditions, it shall be understood and agreed that every employer entering the period of the war with a union shop shall not by a lockout or other means undertake to alter such conditions for the duration of the war, nor shall any combination of workmen undertake during the like period to "close" an "open" shop.

4. Adopting these standards as the basis of its operation, we recommend the creation of a Federal board to adjust labor disputes for the duration of the war; the activities of this Board to be confined to disputes growing out of employment on the subject matter of war production for the Government. To such board shall be primarily referred for final settlement all major disputes of the nature suggested with full power to create all machinery necessary to execute its functions. Its decisions must bind all parties to the dispute. It should be constituted equally of representatives of employees, employers and the Government, representatives of the latter to hold the deciding voice in the event of an equal division of opinion. It is to be further understood and agreed that there shall be no interruption of production by strike, lockout or other means within the control of employer or employee.

5. We pledge to the country, through you, the acceptance of such a program by the great body of

representative associations and individual manufacturers we are authorized to represent. We do not seek to be regarded as the exclusive spokesman of all industry and will cooperate in any helpful capacity with any and every manufacturer whether members of our association or not.

6. To secure in the public interest a mutual understanding and agreement predicated upon the proposals set forth, we suggest: That the Council of National Defense call, at the earliest convenient date, a conference of representative national and international officers of American trade unions that they may be requested to join in the pledge here made on behalf of employers. Their loyal cooperation for the duration of the war will assure a known standard of conduct to govern these vital industrial relations. The national safety will then no longer be imperilled by disputes, halting vital production and necessarily operating to give aid and assistance to the public enemy.

We reiterate in conclusion the pressing necessity for recognizing one vital and primary principle. A Government which cannot itself discriminate between its citizens cannot tolerate a condition which encourages private organizations to compel such discrimination. Politically and economically such a policy spells disaster. It destroys the responsibility of management which is vital to successful production and denies in our own democracy the basic principles of individual liberty and opportunity, for which its citizens since the foundation of the Republic have shed freely of their blood and for which today they are prepared to die on alien soil.

Signed on behalf of the National Industrial Conference Board by its Executive Committee and its Advisory Committee:

EXECUTIVE COMMITTEE:

Loyall A. Osborne,  
Chairman,  
Frederick P. Fish,  
William H. Barr,  
A. Lawrence Fell,  
Charles Cheney,  
Magnus W. Alexander,  
Executive Secretary

ADVISORY COMMITTEE:

Loyall A. Osborne,  
Chairman,  
William H. Barr,  
W. H. Van Dervoort,  
C. A. Crocker,  
Ellison A. Smyth,  
W. A. Layman.

Endorsed by the following associations not members of the Conference Board:

California Metal Trades Association, San Francisco, Cal.  
Manufacturers' Association of Connecticut, Inc., Hartford, Conn.  
Manufacturers' Association of Bridgeport, Bridgeport, Conn.  
Georgia Manufacturers' Association, Atlanta, Georgia.  
Illinois Manufacturers' Association, Chicago, Ill.  
Indiana Manufacturers' Association, Indianapolis, Ind.  
Iowa State Manufacturers' Association, Des Moines, Iowa.  
Kentucky Manufacturers' & Shippers' Association, Louisville, Kentucky.  
Associated Industries of Massachusetts, Boston, Mass.  
Michigan Manufacturers' Association, Detroit, Michigan.  
Associated Employers of Missouri, St. Louis, Mo.  
Nebraska Manufacturers' Association, Lincoln, Neb.  
Manufacturers' Association of New Jersey, Trenton, N. J.  
Associated Manufacturers of Electrical Supplies, New York, N. Y.  
Associated Manufacturers & Merchants of the State of New York, Syracuse, N. Y.  
Ohio Manufacturers' Association, Columbus, Ohio.  
Associated Employers of Oregon, Portland, Oregon.  
Pennsylvania Manufacturers' Association, Philadelphia, Pa.  
Steel Founders Society of America, Pittsburgh, Pa.  
Cotton Manufacturers' Association of South Carolina, Greenville, S. C.

Tennessee Manufacturers' Association, Nashville, Tenn.  
Employers' Association of Washington, Seattle, Washington.  
United Metal Trades Association of the Pacific Coast, Seattle, Washington.

Mr. Samuel Gompers, President of the American Federation of Labor, in their organ, *The American Federationist* of October, 1917, wrote editorially as follows:

"In marked contrast to the constructive proposal of the British Committee is the recommendation submitted by the National Industrial Conference Board to the Council of National Defense. That recommendation demonstrates that the autocrats of America are economic. Like the old Bourbon despots, they have learned nothing and forgotten nothing. Their program proposes to assure to employers war opportunities for exploitations and the aggrandizement of special privileges. By carefully selected phrases and terms they thought to conceal their real purpose. They are opposed to progress, to democracy, and to constructive organic action in furtherance of human opportunities.

Special privileges and economic exploitation in this country have been established and maintained through industrial capitalist autocracy. Employers have sought to prevent employees from collective bargaining and enlightened cooperation in accord with an established program. Under the pretense that they were maintaining individual liberty, employers have sought to enforce a so-called "open shop" policy in order to crush out labor organizations, but labor organizations are something more than the term and significance usually applied to trade unions by their opponents; they represent a great aspiration of masses of people for



higher ideals of living and for the opportunity to have a voice in determining those things which affect them vitally and which are the basis of all living.

The proposal of the National Industrial Conference Board to the Council of National Defense is expressed in terms that imply criticism of the motives of trade unionists in contrast with the "patriotic altruistic" purposes of employers. The organization that presented the proposal is the one organized last Fall and heralded in the paper as the Eight Billion Dollar Corporation which would make a campaign to exterminate the American labor movement. The National Industrial Conference Board is a federation of employers' associations which include the following:

American Cotton Manufacturers' Association.  
American Paper and Pulp Association.  
Electrical Manufacturers' Club.  
Manufacturing Chemists' Association of the United States.  
National Association of Cotton Manufacturers.  
National Association of Manufacturers.  
National Association of Wool Manufacturers.  
National Automobile Chamber of Commerce.  
National Boot and Shoe Manufacturers' Association.  
National Council for Industrial Defense.  
National Erectors' Association.  
National Founders' Association.  
National Metal Trades Association.  
Rubber Association of America, Inc.  
Silk Association of America.  
United Typothetae and Franklin Clubs of America.

These facts made it evident that the declared purpose in the proposal can *not* be accepted as genuine and can only be interpreted in the light of the known practices and methods of these organizations. Because these employers see in a war for democracy an opportunity for a great forward movement in *establishing* human opportunities, they come with a plan which proposes to take advantage of the war to block the forward movement of

humanity. They accuse organized labor of desiring to take advantage of the war to advance the cause of humanity and make a counter-proposition that the war be taken advantage of to block the progress of humanity.

The N. I. C. B., as well as the rest of us, well know that life must go either backward or forward; it cannot stand still. While proposing stagnation during the period of the war, during the time when all social and economic forces are fluid and may crystallize into the form they will take for decades to come, they propose that existing conditions, in accord with old concepts in the practices of exploitation, shall be fastened upon the working people, like shackles, during the period of the war—AND THEREAFTER.

This is the truce that they propose, to manacle the working people during the period that ought to mean almost inconceivable progress for humanity and democracy. Acceptance of this proposal is unthinkable. Even if any constituted authority should attempt to bind and tie the working people to be exploited by this Eight Billion Dollar Corporation, it would fail. No government and no agency can or ought to check the natural aspirations of men and women for a higher life and greater opportunity and greater liberty!"

## Hasten the Remedy

It must be evident that America's Labor problem is as complicated as the human being himself, but that is no good reason for delaying co-ordination of labor investigation and control under one head as free from entanglement and red tape



as possible. No greater single problem lies before Congress, our Administration or the country at the present time.

Sir William A. Holman, Prime Minister of New South Wales, who has recently been in this country, stated that 50% of all Australia's labor troubles during the past ten years had been settled without strikes;

also that Arbitration Courts had proved of great educational value; that wages had greatly increased based upon actual living conditions, but that business had never been so prosperous. He laid the greatest stress upon the importance of having every labor difficulty receive immediate attention and investigation and the remedy applied without delay.

## The Alien Problem

Our national government contacts with the alien in at least sixteen different ways through fourteen different bureaus and divisions in the Departments of State, Treasury, Post Office, Interior, Agriculture, Commerce and Labor. The alien is in every community and in every activity of our national life. Our government has apparently never looked upon the alien as constituting a unified problem, but has acted upon the innumerable phases as they appeared in a disconnected way.

The most constructive work that has been done toward the assimilation of the alien into our American society has been carried on with private funds by private organizations, such as the National Americanization Committee, the Immigration Committee of the Chamber of Commerce of the United States, and others. Even some of the alien work being done by the government is possible only by the use of private contributions. Thoughtful Americans have for years endeavored to arouse a national interest in this problem, upon the happy solution of which America's future in the world so largely depends.

As soon as we entered the war, repeated efforts were made to induce the Council of National Defense to appoint an Alien Committee. With one-third of our entire population either of foreign birth or with at least one foreign parent, with little knowledge of the undercurrent of national sympathies in the hearts of many of these millions, the great war, even before we entered it, greatly increased the importance and danger of this alien problem.

Over three million of our population cannot speak English. About fourteen million are German born or of German descent, and they appear in every profession and industry and in every occupation from those of the highest skill to those of the meanest manual labor.

Shortly after America entered the war, one of our greatest authorities on the immigrant visited a large shipyard and learned that although the management knew how many enemy aliens there were in the establishment, no investigation had been made as to the location of those aliens. When it was found that over forty of the enemy were in the power plant where a small amount of destruction might have crippled the entire yard and that equivalent numbers were in other vulnerable departments, the dangerous condition was quickly relieved.

Delay in deciding to place officers and crews of merchant vessels under some sort of military control has resulted in the loss and surrender of vessels by cowardly or enemy crews.

A prominent railroad president was asked if he knew whether there were enemy aliens in his round houses, signal towers or working about bridges and tunnels; the thought had never entered his mind. To the National Board of Fire Underwriters consideration of the alien as a fire risk was suggested. The fact that enemy aliens were being discharged, left without means of support or even places to live, aggravated the situation. Sometimes they were permitted to remain in vulnerable industries when they might have been shifted to places where they could do no harm. The

whole situation was complicated and the remedies were left to individual initiative to apply.

Although a mass of information, suggestion and definite recommendation have been accumulated and put in the hands of our government, this problem yet remains uncentralized. The importance of the alien as one of our largest sources of labor cannot be overemphasized. Our enemies, the I. W. W. and other agitators, have been permitted to focus attention upon the alien while we have neglected simple measures which would go far to change the alien from a menace to an unqualified national asset. Adequate attention to this problem might minimize the threatened emigration of many alien workers (estimated at 3,000,000 males alone) after the war.

Twenty million people have reached America via the steerage but yet we have failed to consider this a national problem. Schools exist in this country where it is impossible for the pupil to learn the English language or use the English spelling book.

To those unfamiliar with this condition Professor Edward A. Steiner's

book, "Nationalizing America," would prove a revelation.

Our Army officers are already confronted with the difficulty of making many of our drafted soldiers understand commands and instructions in English. Efforts are being made by the Department of Education, with State cooperation, to improve this condition. *Under the war powers of the Federal Government it would seem as if teaching of the English language in every city and village throughout the land could be made compulsory.*

And what of the poor bewildered alien himself? With no place to go for general and authoritative information, exposed to the machinations of spy and agitator, of profiteer and corruptionist—ought we not commend those great millions for their steadiness of purpose and action, their loyalty and decency under trying conditions? Our debt to them rests with the future and American patriots for payment. As yet we have not even provided a place where they can surely obtain official translation into their own languages of the President's proclamations aimed at them.

## VIII

# Intelligence Service

There are in Washington at least eight Secret Service or Intelligence functions, each headed up to a cabinet officer and all uncoordinated save through gentlemen's agreements and individual cooperation. Jealousy exists not only between the individual organizations themselves, but the Cabinet officers cannot agree upon a plan of coordination. It is rumored that every Cabinet officer concerned favors coordination, but that several of them think their own departments should be the coordinating mechanism. Thus, it is said Secretary Lansing would like to have the intelligence efforts head up to his department because he controls some international contacts. Some of the Post Office Department officials are said to believe that the Post Office Department, being the largest intelligence mechanism, should be the head. The Treasury Department, where the secret service originated, might reasonably expect leadership. Most of the work, however, has been done by the Department of Justice, which does not desire to be interfered with. And so the chaotic condition is permitted to continue.

The public has admired the efficiency of our Federal intelligence work, unwitting that many of its accredited successes have been due to foreign intelligence organizations and to the efforts of private citizens and organizations. The *Providence Journal*, under the leadership of its indefatigable editor, John R. Rathom, has apparently at times almost driven our Federal service to activity. Bitter complaint exists today on the part of some of our intelligence organizations against the Department of Justice,

which is said merely to *punish rather than prevent enemy activity*. The number of suspected spies who have been taken into custody and then released in spite of considerable suspicion remaining is said to have been contrary to the action of most of our allies under similar circumstances. The *New York Times* of December 24th, 1917, editorially condemns releasing prominent Germans on parole, claiming that they are either innocent or guilty and that parole meets neither condition; that spies are prepared to lie and the periodical reporting by the men on parole needs only willingness to lie to enable them to continue dangerous spy activities if they so desire.

### What Disaster?

At the recent Canadian Club dinner in New York Mr. Rathom said:

"The Secret Service of the United States and the Bureau of Investigation of the Department of Justice—the two official weapons, and the only two, which stand between our people and disaster at home—are ridiculously undermanned and ridiculously underpaid. The loyalty and intelligence of these men is beyond question. The lack of facilities for their work and for the scope of their work is a national disgrace. The entire sum paid by the United States to maintain these two vitally important bureaus per annum is actually less than the amount of money paid by Ambassador Bernstorff per month for German Secret Service operations in the City of New York alone. The financial loss entailed by the Baltimore fire is



probably four times the entire annual cost of both of these bureaus. What terrible calamity must we go through, what immense destruction of war materials vital to our future freedom must we see before we deal with this question with a stern and unyielding hand and with a determination to stamp out treachery wherever it shows its head?"

Last August a carefully studied plan for circumventing dangerous enemy activities in grain elevators, food factories and other important elements in our food supply system was presented to Mr. Hoover's department with the statement that since America entered the war destruction of grain elevators had increased 300%. This statement was corroborated by information in the possession of the Food Administration and the importance of action in this field was admitted. The question arose, however, as to whether the Department of Justice was not covering the field and whether additional activity by the Food Administration would be welcome. The plan was not put into effect, although various efforts have been made by the Food Administration to meet this danger. The fact remains, however, that since last August the destruction of food has been going on at a terrific pace and the statement has been made that in one period of thirty days food to the value of thirty million dollars was destroyed.

This is a difficult field to discuss frankly in public. Perhaps an investigation behind closed doors by one of the Congressional investigating committees would go far toward pointing out weaknesses and overcoming personal prejudices and jealousies. It might result in the coordination, under a real Intelligence Chief, essential not only to our national war plans, but

also to the safety of thousands of American lives and hundreds of millions of dollars' worth of American property constantly menaced by the continuation of present conditions.

Below is an incomplete list of the damage to American life and property caused by enemy aliens prior to our entering the war. This is taken from "A Few Lines of Recent American History" issued by the *Providence Journal*.

1915-1916-part of 1917.

#### MUNITIONS PLANTS

Explosions	49
Fires	17
Killed	147
Hurt	142
Loss (only a few losses are mentioned, 14 given)	\$35,000,000

#### SHIPS—FIRES

En route	15
In port	13
Killed (1 case only)	12
Loss (1 case only)	\$3,000,000

#### TRAINS

Wrecked	2
Killed	5

#### MISCELLANEOUS

Munition manufacturer's house bombed	1
Canal plot discovered	1
Private homes, plot discovered	2

This pamphlet clearly shows the need of Congressional investigation in this field. It is enlightening to compare our safeguards with the bold measures Canada and Great Britain have taken.

Even the individual intelligence departments are sometimes in danger of having their activities seriously weakened through lack of understanding of the situation. For instance, the Army Intelligence would probably have had its activities almost entirely suspended had not, through the assistance

of private individuals and newspaper men, the appropriation of \$489,000 for continuation of its work been squeezed into the appropriations bill during the last days of the last session of Congress. It was supposed that the previous appropriation would carry the department along until the next Congress could consider the matter of further appropriation, but a better understanding of conditions would probably have caused the last Congress to increase the appropriation rather than to think of eliminating it.

The greater the changes in the world, the greater is the need of information from all parts of the world, focusing in Washington and made available in condensed form for our leading executives to use as a basis for their national and international policies. Our foreign intelligence service is totally inadequate to this need. Most of our enemies, and, in fact, most of our allies, have more accurate and far-reaching information about the rest of the world than have we. Private individuals and corporations are in some instances trying to assist, but no thorough plan to organize those auxiliary assistants under centralized government leadership has yet appeared. More than ever before, International relationships will be largely affected by national ad-

vertising and national interpretation of events.

Japan, during her Russian war, advertised in this country to obtain the favor of American public opinion, and it proved such a good investment that she has greatly expanded such activities.\* Only efficient intelligence service can counteract the danger of such influence being misused.

Any one who has been privileged to look over the mass of German propaganda gathered in the British Postal Censorship Building in London is overwhelmed by the scope and ramifications of the German propaganda or national advertising system. In every language and many dialects of the world, addressed to every religious faith, arousing the accumulated prejudices of centuries, this German propaganda knows no moral limits, contradicts itself where necessary to justify the German state and German aims. Deceptive, lying, misrepresenting, the whole world has visibly tasted its results. Many of these results will be continuing and can only be overcome by honest counter-propaganda. This is indeed a national and international problem of a critical sort and upon the successful solution of it depends the future peace of the world.

\*Read Montaville Flowers' "The Japanese Conquest of American Opinion."

## IX

# Contracts

When one pauses to consider that the billions of dollars being expended for war work in America are largely represented by innumerable individual contracts, the importance of having a few fundamental principles applied to contracts, as far as possible, must at once be admitted. Many contracts have been prepared in haste with satisfactory results. Others have had ample consideration and are yet unsatisfactory. Some contracts, whether drawn hastily or not, have proven eminently fair to both sides. Through the contract it is possible to direct and control many of the industrial and social conditions which the Federal government desires to control, especially during the war. It has been proposed, for instance, that all Army and Navy contracts should include clauses guaranteeing adequate working conditions for the employees of the contractor, also adequate precaution against fire, delay, damage by enemy activities and various other items. In addition to such considerations, the inclusion of clauses to insure maximum speed based upon maximum incentive, with adequate protection against excessive profits, should receive general attention.

Our contracts for cantonments built on a "cost plus" basis, in no case, as far as we are aware, contained adequate provision against excessive cost. Many investigators pointed to intolerable loafing by workmen, inefficient use of horses, steam shovels and other equipment, partly because the United States was footing the bills and superintendents and foremen, if not the contractors themselves, were willing to have costs unnecessarily high. Such lack

of patriotism not only increased cost, delayed completion of the cantonments, but also hampered other war production. It is unnecessary to criticise any individuals or groups, because all classes in this country have been, to a certain extent, open to similar charges. Profiteering in one form or another has permeated every class of society, from the lowliest workman to the wealthiest official. Fortunately, self-sacrificing patriotism has been visible in greater degree as the critical nature of the war and the vast stake the Americans have in it become more apparent. No one questions the ultimate patriotism, to whatever degree necessary, on the part of practically every American. More careful business management, use of ordinary business method and precaution would automatically obviate not only the opportunity, but the excuse for much of this profiteering.

Contracts for supplies have often been loaded upon a comparatively few plants, whereas systematic distribution would have produced quicker deliveries and less disturbance of established production. Thus shoe contracts have at times entirely disrupted the business of going concerns which accepted orders under patriotic impulse while their competitors were left undisturbed.

In some of the shipbuilding contracts drawn by the Shipping Board, provision was made for reward in case of exceptional speed of construction and for forfeit in event of excessive delay. Bonus and forfeit contracts are not new to the business world and are fair, when properly drawn, to both parties concerned. Several of the can-

tonment contractors have admitted that such provisions could have been included in the cantonment contracts. This omission has cost the nation millions of dollars, unrealized delay and bad examples, of which the effect on the country is beyond estimate.

### Apply General Principles

It would not be difficult to provide a Committee of Contract Experts, invested with the responsibility for having certain fundamental principles applied in all contracts, as far as possible, and have this committee used in an advisory capacity by every department making contracts. Such a committee would probably centralize and formulate many of the difficulties which are constantly causing delays, misunderstandings, incrimination and put in the hands of our leading executives material for formulating policies which would help to clarify the whole field of war preparation; and it is not too much to say that they could scarce-

ly fail to point out "follow-up" and various checking methods that would by foresight prevent delays in purchasing, production and delivery.

One sometimes gets the impression that our executives face their problems primarily from a politician's standpoint. One of our leading executives urging a contractor to double his contract but to accept his original limitation of profit, argued that Congress and the country would look askance at one organization receiving such a large amount in profits. This was a remarkable spectacle of a man entrusted with spending hundreds of millions of dollars of the people's money, urging that a big order should receive no more profit than an order half the size. Can we not rely upon the country approving of any arrangement, founded upon a fair and just understanding, whether it be with individual or corporation and whether it be for \$10 or \$100,000,000? Can a business war be won by neglecting business principles?



## Transportation

As modern war has proved to be a war of industry, transportation naturally became the keystone of the arch of military strength. Recognizing the importance of transportation, the Council of National Defense appointed one of its seven Advisory Commissioners Chairman of its Transportation Committee. The Advisory Commission of the Council of National Defense held its organization meeting early in December, 1916, and shortly afterward its various leading committees were formed.

Upon invitation of Secretary Baker, each Governor of a State was requested to attend a conference to be held in Washington the first week in May, 1917. At that time Mr. Daniel Willard was not only Chairman of the Committee on Transportation, but was also Chairman of the Advisory Commission itself. As Chairman of the Commission, he explained to the Governors and their representatives (there were ten Governors and direct representatives of thirty-eight others present) the apportionment of responsibility among the Advisory Commissioners and then outlined the work of the Transportation Committee. A sub-committee on Railroads had been appointed and its activities were described at some length. A sub-committee on Electric Railways had recently been appointed and its plans were set forth. A third sub-committee on Inland Waterways was soon to be appointed and the fourth of the fundamentally important transportation sub-committees, that on Highways, would later receive consideration.

Practically every State represented

in this conference was much interested in road improvement. Some had large appropriations for this purpose, others were discussing them. All wished to know what the Federal Government desired. It was expected that there would be plans for a national road-building campaign, insuring concentration of energy upon roads of national military or industrial importance and elimination of unnecessary construction. Did war needs necessitate special construction of roads or strengthening of bridges or changing of tunnels and culverts? All of these questions remained unanswered and the Governors were left to use their own best judgment. This was a problem which had received considerable notice in the public press, but yet had escaped the attention in Washington necessary for working out a centralized plan for war needs.

Five months after the Advisory Commission had been organized, a committee on Inland Waterways still remained to be appointed. In the meantime, information on this subject was desired and another department of the Advisory Commission carried on some investigations which properly belonged to the Transportation Committee. The Highway Committee was appointed in November, 1917, eleven months after the Advisory Commission organized.

The subject of river and harbor improvements and the development of inland water transportation is rather an unhappy one for Americans to consider. While our greatest commercial rivals have been carrying to a high state of development such facilities in their own countries, America has per-

mitted the competitive system carried out by the railroads to overshadow completely the advantages of water transportation. With the finest system of waterways in the world traversing our fertile plains and connecting our storehouses of mineral wealth, we have spurned this help of nature in simplifying our national carrying problem. The policy of Congress, forced by public demand, has been competition among the railroads. This is primarily responsible for our unbalanced transportation development, which in time of war is reducing our military strength by a terrifying percentage.

The Railroads War Board have done magnificent work under tremendous difficulty, correcting many abuses of the past, and, as far as lay within their power and experience, eliminating the gaps and stone walls built up by competitive antagonisms. The more intelligent of our railroad leaders frankly admit that this method has distinct limitations and that some sort of government control or supervision was necessary before even a unified railroad system could be attained. It has been so largely within the power of railroads to kill water competition that it was folly to expect private capital out of sheer patriotism to invest the large sums necessary in quickly developing water transportation. This can only be done under government control and with national funds; and then the same assistance is needed to dovetail water transportation into rail transportation to produce an effective combination of facility and operation.

The same remarks apply in somewhat lesser degree to the electric railroads, although these have not been feared and fought to the same degree as water carriers, because they were less dangerous competitors owing to their higher cost of operation.

## Facilities Neglected

Another transportation mechanism which has been sadly neglected by Washington is the motor truck. A vehicle capable of dodging congested districts and thoroughfares, able to sidetrack crowded terminals, should have received from the beginning of our transportation troubles persistent and profound study and application on the part of the men to whom the nation was looking to solve our transportation problems. Our transportation leaders are visibly the railroad men, but unfortunately most of them have limited their sense of responsibility to railroad transportation and have minimized the importance of the auxiliary services. It has long been within the power of the railroads to organize modern truck service in such ways as largely to solve that ever-present difficulty, the congested terminal. Many of our cities are today crowded with trucks inefficiently used, which, if organized under railroad leadership could greatly increase their usefulness and relieve not only the crowded streets but also much of the congestion in our freight depots and yards.

Unfortunately, it remains for private initiative to organize service, local, inter-community and even interstate. This, however, is being done and through this private initiative such service will probably be ultimately harmonized with that of our established carriers. In similar fashion private initiative, supported by the belated Highways Committee, is obtaining improvement of important highways, involving application of State funds and doing the many other acts which our national emergency has forced upon the individual or State because the Federal officials did not rise to their opportunity.

In the production of rolling stock so

badly needed, the same type of inefficiency is visible. Recently, while Russian orders for rolling stock were being cancelled, the factories that had been working on those orders were facing idleness. Prompt action according to the press had not been taken to insure speeding up rather than slowing down of such production.

Meanwhile the railroads had long been spending millions of dollars belonging to their stockholders to foster public good-will, sometimes to emphasize their virtues in relatively unimportant matters, rather than drawing attention to fundamental coordination of all transportation facilities under governmental direction, and under laws and regulations calculated to benefit and protect all interests concerned. The Farmers' Non-Partisan League last summer had an educational booklet prepared for distribution to its members showing the expenditures by railroads and other great corporations to influence public opinion not always, from the farmer's point of view, to the advantage of the public.

### Real Standardization

Railroad men think that they have applied most of the benefits of that misunderstood term "standardization." They have scarcely scratched the surface. Pooling of the facilities, knowledge and personnel of the railway equipment builders, simplification of design, application of the engineering knowledge which has been applied to many industries for the handling of material have as yet received only superficial attention as far as visible results show in the railroad field.

Henry Ford, the man who in one year produces one million vehicles capable of carrying 50% of their weight over country roads, criticises the railroads for being years behind

the times in utilizing modern knowledge of light alloys and structural principles which would permit their freight and passenger cars to carry a much heavier load compared with the weight of the rolling stock itself.

"Passenger trains," says Ford, weigh 50 to 150 times as much as the passengers in them. Four-fifths of a railroad's work today is hauling the dead weight of its own wastefully heavy engines and cars. This is why railroad presidents have such a hard time to figure out freight and passenger rates on the 20% of live load to cover the cost of hauling this enormous 80% of dead weight around."

Strange as it may seem, with the partial exception of coal and iron, the railroads have not applied engineering knowledge to the bulk handling of many of the commodities they carry. It is an inspiring sight to see an entire car loaded with coal or iron ore picked up bodily and its contents dumped almost instantly into a storage pile or the hold of a vessel. Hopper bottom coal cars have released thousands of laborers for other service, but we are still piling box cars full of grain and patching up the grain doors when they get out of repair. When the question was put to a leading railroad president recently "Why do you not load grain through the roof and empty it through the bottom of a car," the answer was "We have never yet succeeded in making an opening through the roof of a car and keeping it tight against the weather." And this in the day of the submarine!

Many of the wonderful engineering achievements at Panama must be credited to railroad engineers, but the daring and vision of Panama are largely lacking on the railroads themselves. Should not this entire transportation problem with all of its ramifications be considered today from a national



standpoint, every effort, every idea coordinated and rapid progress forced by pressure intelligently applied through individuals or committees responsible for progress in the entire war effort of the country? *What court of appeal has been provided to prevent overlooking of important possibilities?*

Let us hope that Mr. McAdoo will provide a Construction and Engineering Committee to consider the pooling of all the national production and engineering resources that might assist in obtaining the maximum output and simplicity of rolling stock as well as a general improvement in efficiency and economy in the field of freight handling by mechanical means.

A ruling by the Priority Committee prohibiting railroads from transporting road building material is said to have been promulgated upon two or three days' notice. As a result several road building contractors were confronted with bankruptcy and work was immediately stopped on some highways which in two or three weeks would have been finished.

Long stretches of road were rendered unusable because small sections were left uncompleted. The mechanisms needed for necessary highway construction were therefore seriously crippled, much of which could have been prevented had a few weeks' notice of the forthcoming order been disseminated.

France has already been saved by her use of roads. Great Britain and France both have considered their highways fundamental to war success, while America, amply forewarned, has failed to plan and has crippled road construction and maintenance.

In some minds perhaps, the railroads represent the only worth-while transportation mechanism, but *adequate planning would minimize such serious misjudgment.*

As a result of neglect of planning and organization the year 1917 ends with freight conditions as indicated by the following newspaper items:

*The Evening Post* (N. Y.) states that on December 14th, according to freight agents and lighterage men, there were more than 200,000 carloads of freight at a standstill within a radius of 300 miles of New York. This is about 9% of total number of cars in the United States, estimated at 2,300,000.

From the *Washington Post* of December 29, 1917.

## Effects of Railroad Congestion

"How intimate and vital is the relationship of the battle front in France with the transportation system in the interior of the United States is shown by the situation now existing in the port of New York. Surely the American public has not forgotten how the confidence of the entente powers was shaken when the German submarine campaign reached its high-water mark last spring. In one month England lost 560,000 gross tons of shipping. The situation was considered so serious that the British premier said that victory depended upon one thing—ships, ships, and again ships. How vitally important, therefore, must we consider the tying up of 1,000,000 gross tons of shipping in New York harbor alone. It is reported that that amount of shipping is held in New York harbor today because of the one fact that the railroads of the United States have been unable to deliver enough coal to enable them to leave.

Of these ships twenty-two have



been held at New York from lack of coal since November 24—more than a month. Four of these twenty-two ships are engaged solely in the transportation of ammunition to the French armies. Other of the ships are transport vessels in the service of the United States Shipping Board, directly depended upon to supply the fighting forces abroad, while practically all of them carry cargoes that exercise an important influence upon the conduct of military operations against Germany.

Thus it is clear that the coal shortage, in this respect, is seriously cutting down the strength of the armed forces opposing Germany, and for this, we are told, the transportation system is responsible. Ships arriving at New York have increased the congestion of the harbor, which prevents vessels docking and unloading or loading their cargoes, and which will delay steamers even after the coal arrives.

The entire war machine is like a row of dominoes which a child has set up on end. As soon as one piece falls, the whole line tumbles down. It is only by keeping a constant watch over every part of the war machine and by forcing absolute coordination between all parts that the machine can be kept running and the constant flow of military power to the battle front maintained. If the transportation of coal to New York is blocked, the ships in harbor are tied up. That in turn causes congestion of harbor facilities and throws out of gear the harbor arrangements in France. Cargoes reach French ports spasmodically, at one period too few, and then too many. That, in turn, places an uneven burden upon the

strategic railways in France, so that they are alternately congested and idle. The arrival of supplies at the front is thrown off schedule, and thus the troops are unable to exert their full strength against the enemy at the opportune moment.

Unless this intimate and vital relationship between cause and effect is kept in mind, we are apt to regard the action of the government in taking over the railroads as being of importance only for the solution of a few domestic transportation problems. As a matter of fact, it is very easy to trace the effect of the railway congestion straight to the fighting front. When Secretary McAdoo speaks of the vital importance of railroad control and of the necessity of his having the cooperation of every American citizen to assist him in his new task, he has in mind the welfare of the boys in France as well as the comfort of citizens at home."

Some form of government control of railroads has appeared for several months to unbiased thinkers as inevitable. *During that precious time what plans has Washington (either responsible government or railroad officials) prepared in advance so that speedy comprehensive orders could be issued by the Railroad Director immediately he was in charge? Events are again giving a disappointing answer.*

Newspapers are now frequently quoting opinions of prominent railroad men to the effect that the advantages of railroad coordination under unified government control will be so great that the public will never tolerate reversion to the prior conditions which existed before Mr. McAdoo was

made Railroad Director. Strangely enough some of these very railroad leaders a few days ago were demanding further trial of a coordinated competitive system, represented by the Railroad War Board. Why did not our transportation chiefs long ago point out to the country what was needed to achieve a real national transportation system? Instead they filled the press with tales of the achievements of the old system which distracted the attention of the public from the real need. Much of our present suffering and war inefficiency could have been avoided by such frank courage on their part. As it is, we must, in spite of their splendid efforts, hold them responsible for part of our present disaster, for it is nothing less.

The following article from the *New York Evening Mail* of December 29, 1917, illustrates the difficulty experienced by "System" men in freeing themselves from the habits of mind of which their business associations make them victims.

"President Rea, of the Pennsylvania Railroad, has entered a protest against an editorial of *The Evening Mail* which incidentally criticised that lack of foresight in our public regulating bodies which allowed the Pennsylvania to erect a New York passenger terminal except in cooperation with the other Jersey roads. The president of the Pennsylvania Railroad, especially this president, deserves a fair answer to the objections he raises.

On November 6, 1917, *The Mail* published an editorial of which the keynote was this:

In the port of New York is illustrated, better than anywhere else in the United States, the waste and inefficiency of the competitive system in industry and transportation.

We pointed out the lack of co-ordination in the freight handling facilities of New York harbor. We instanced the useless duplication of lighterage services in the harbor, a separate lighterage service being maintained by each railroad. The result is that barges that carry from 50 to 300 tons each are to be found carrying single carloads of freight of 15 to 20 tons between the railroad terminals and the ships.

We advocated pooling of the lighterage equipment of the railroads and, still further than that, the pooling and joint use of all the railroad terminals on the Jersey side.

The New York freight shipping district should be considered as one great terminal, to be operated jointly for the account of the roads which serve us. The charges and the profits of this terminal service could be distributed in proportion to the amount of freight which each road contributed.

To this portion of the editorial no dissenting voice has been raised. But obviously it is as wasteful to have unnecessary duplication of passenger as of freight facilities. Therefore we said:

In great centers like New York land is too valuable, space too precious, to allow this senseless duplication of terminal installations and terminal operations. We cannot have it. The great Pennsylvania terminal at Thirty-fourth street is a standing monument to the inefficiency and waste of our system. It was built by the Pennsylvania Railroad alone, and has been a white elephant upon that railroad's hands. Not for years will its handling capacity be fully utilized. In the meantime the other Jersey roads stop across the river from us and ferry their passengers to and fro. Ten years from now men will look back with amazement at a government which allowed the Pennsylvania alone to build that railroad terminal.

To this illustration President Rea, of the Pennsylvania, took exception. He addressed an open

letter to the editor of *The Evening Mail* and sent the letter also to the other papers. He said:

Contrary to that opinion, the Pennsylvania station, instead of being a monument to inefficiency and waste and a white elephant, is a monument to foresight and the necessities of New York City and the whole country with which it does business, and more especially so for the Pennsylvania system, whose passenger revenues are about 20% greater than the next largest railroad system of the country.

We never said or intimated that the Pennsylvania Terminal is a standing monument to the inefficiency and waste of the Pennsylvania. Quite the contrary. It is such a monument to our system of dealing with the railroads. By saying that the Pennsylvania Terminal is a "white elephant" on the railroad's hands, we meant that the additional fixed charges which it imposed upon the Pennsylvania system were such as to wipe out a large part of the great financial margin with which the Pennsylvania was blessed before that terminal was undertaken. Mr. Rea does not deny our assertion that "not for years will its handling capacity be completely utilized." He says that it was built for the future, the future of the Pennsylvania:

What would the public say of a management with an actively expanding business which built for the present only? That station is built for the present and for the years to come, and is so adapted as to handle the increasing traffic of the Pennsylvania and its Long Island railroads and also such traffic as the New Haven will put into it and through it; if justified, more tunnels may be built, the station and yard facilities being adequate therefor.

Why if there is so much handling capacity of this terminal, and if its handling capacity can be so easily increased, why not let the other Jersey railroads now make ap-

propriate connections with the Pennsylvania's tunnel line and run their through trains into the terminal? That seems to be the only chance they will ever have to land passengers directly in New York. Mr. Rea says:

The building of this great work would, by reason of its cost be prohibitive.

If the building of this work would be prohibitive, the building of a similar work for the Jersey railroads, individually or jointly, would be similarly prohibitive.

But Mr. Rea implies that it would be impossible to accommodate the passenger traffic of all the Jersey roads in one station.

Let me express the opinion here that a union station could not be built in that huge city (New York) that could conveniently accommodate all the rail traffic. If attempted, the cost, and the congestion around it, and upon the approach streets, would make its useful operation impracticable.

That would be quite true if all the huge suburban passenger business of all the Jersey roads were poured through one funnel, no matter how large. But the other Jersey roads would not by any chance use that station for the larger part of their suburban business. The Pennsylvania does not so use it today. Mr. Rea says:

The station was constructed for the future and primarily for the long-distance passenger travel to and from New York, New England, the southern and western states, the local suburban traffic to New Jersey being accommodated through the joint service so successfully inaugurated between Newark and New York via the Hudson tunnels, which is handling about 200% more passengers than in its first year of operation.

The other Jersey roads would continue to handle most of their local and suburban traffic to New Jersey exactly as they handle it today; by ferry service or use of the



Hudson tunnels. That traffic originates in lower New York. Down-town suburban travelers on the Jersey Central or the Erie would not ride on the Seventh avenue subway up to Thirty-fourth street in order to get a train—no more than will the Pennsylvania commuters today. The addition to the present passenger business at the Pennsylvania station would be the addition of the through trains of the other Jersey roads carrying long-distance passenger travel to and from New York—just the sort of business that the Pennsylvania is carrying today.

Ah, the Pennsylvania would say, that would let the other railroads in upon us to share in the competitive business south and west, of which we now have the larger portion because of our preferred terminal location. All right, go and pool your competitive passenger business. We are about ready to allow that. Divide the total of your joint revenues on competitive business according to percentages that represent your respective portions today. Then how would the Pennsylvania suffer? The public gain would be obvious. Long-distance travelers to local points on the Lehigh Valley, the West Shore, the Lackawanna, the Erie, the Jersey Central, the Reading, Baltimore and Ohio—all these people would have an infinitely more convenient access to the trains they must take, if these through trains started at the Thirty-fourth street terminal. Obviously the Jersey roads should bear their proper proportion of the fixed charges of such a joint terminal. Their contributions would be a financial relief to the Pennsylvania.

All honor to the enterprise and genius of the Pennsylvania's engineers who conceived and built that terminal. All respect to the man that now heads the Pennsylvania Railroad system. It is to broad, public-spirited men like him that the thinking public looks, in these days, to hasten those adjustments, to eliminate those competitive wastes which, if uneradicated, will feed the demagoguery that will drive us into government ownership of the rail lines. Under any system of pooling facilities the great, strong roads like the Pennsylvania, which have more cars, more locomotives, better terminal facilities—these roads, by contributing what they have into the joint pool, must inevitably make sacrifices. We want to allow such a pooling of revenue that there will be partial compensation for these sacrifices. But there can never be complete compensation. The growing future advantages which the preferred terminal facilities promised to the big roads will never be realized. Railroads like the Pennsylvania, we hope, are among the chief of those property interests which will forego something of the letter of their legal rights in order to preserve the spirit of the institution of private property for the future. The alternative to such concessions is government ownership and socialism.

This government in itself, in the last analysis, is responsible for the wasteful competition which the railroads have pursued with each other. Mr. Rea says truly:

As to co-operation, notwithstanding our railroads have in the past been reared on competition, and for most of the time unreasonable competition, and that they have been fairly compelled by state and federal laws to compete, if such compul-



sion be possible, they are today in times of stress co-operating to a degree never dreamed of and second to no other industry, and serving their government nobly.  
\* \* \*

Suppose the railroad had undertaken previous to the war to do what is proposed as a war measure for the War Port Board, i. e., pool the lighterage facilities, and, with its local freight facilities and other things, how far would they have gotten under existing law, federal and state? There is only one answer—such a combination would have been condemned and most of its officers would have been in jail for violation of the law.

*No one can gainsay that. But what confronts is a present situation, not a past wrong. The question now is: Can the railroads today, led by men like Mr. Rea—can the railroads, taught to think in terms of competition, quickly change their habits of thought and think in terms of cooperation? Can they hasten evolution and give us a truly national system of transportation under private ownership, or must we instead have a revolution and see Mr. Rea and his like replaced by the political railroad managers?"*

Other industries have indeed done no better than the railroads, but the quasi-public relationship does not so

visibly exist. As each war industry, however, becomes perceptibly a war factor there too must the public insist upon broadminded wholly unselfish bending to the national need at whatever cost. In Great Britain, five thousand plants are under government control. Individual plant production and fixed investment have been multiplied many fold. All have met the government demands without question as to final adjustment of rights of stockholder or corporation. The fundamental fairness of the Englishman and his government appear to satisfy. Our Government has not, in the opinion of many business men, established its full claim to equal confidence, but as a war measure the public must enforce justice to avoid financial or industrial upheaval of dangerous proportions.

Employers have been threatened with everything from confiscation to ruinous taxation, to regulation and restriction that have already produced frequent bankruptcy; so formulation of general principles relating to the treatment of business, in order to effect that economic welfare upon which alone heavy taxation must be based, seems of great importance.

## XI

# Fuel

A dramatic illustration of the failure to obtain and use fundamentally important facts relating to war needs was that furnished by the Fuel Administrator, Dr. Garfield. It will be remembered that during the Fall, when the coal famine first became visible, the Fuel Administration insisted that there was no shortage of coal. After a hurried trip west, Dr. Garfield fortunately came to a realization that the demand for coal as a result of our war activities had greatly increased and that conclusions could no longer be drawn from pre-war figures alone. With an increase of demand between 10 and 20%, the production which he calculated would provide a surplus was discovered to threaten a deficiency of at least 50 million tons. This is not intended as a criticism of Dr. Garfield. He entered upon his duties more handicapped than perhaps any other of the war administrators. It was necessary to improvise his entire organization and almost immediately meet a situation which had long been growing critical without any organized means for controlling it.

For a long time to come, America and her allies are going to suffer for lack of preparation and the vision which even as late as last Winter could have saved innumerable delays and their resultant sacrifice. Several of these avoidable delays will be mentioned elsewhere.

The Fuel Administrator began his duties by endeavoring to increase the output of the mines and to improve its distribution. No apparent attention was paid to conservation and prevention of waste in the use of the fuel already on hand and to be provided.

The Patriotic Education Society last Summer called the attention of the leading American engineering societies to this gap, suggesting that as their members were largely in their daily work concerned with fuel economies it would seem as if those societies logically should become an important factor in a nation-wide campaign for fuel economy. This suggestion was followed up by an investigation of the existing committees, bureaus and organizations that were at all interested or active in that field and it was discovered that every one was anxious for recognition of this problem, realizing its importance and desiring to cooperate. This condition was explained to the Fuel Administration, the Council of National Defense, the United States Chamber of Commerce, engineering societies, to the press; and for several months an investigator of the Patriotic Education Society was constantly endeavoring to co-ordinate the activities leading to prevention of fuel waste. Finally the Fuel Administration took the matter actively in hand and various other agencies are now effectively cooperating.

### Encourage the Stokers

In Germany, stokers and firemen are held responsible for prevention of smoke, which means fuel waste. In this country the factory owner is held responsible, and the trade unions have not done as much as they could to assist him. It has, therefore, been suggested to the Fuel Administration that an appeal to the stationary and locomotive firemen and engineers of the country,

accompanied by conferences, drawing public attention to the value of their patriotic assistance in this matter and in general a recognition which should appeal to the individual, emphasizing the importance of his personal contribution to the cause, would be of great value. An effort is being made at the present time to carry on such a campaign to stimulate the ship workers, but little has yet been done to stir the largest handlers of our coal supply.

New England, our chief munitions producer, has been seriously handicapped by inadequate supplies of fuel, this condition having been accentuated by the competitive and sometimes unintelligent commandeering of tugs, steamers, and barges, which formerly delivered to New England three-fourths of its entire coal supply. The reduction of the water transportation facilities increased the burden of the already overloaded railroad system of New England and the Middle States. Why the Army, the Navy and the Shipping Board should all have had independent commandeering rights must be a mystery to anybody who knows the first principles of organization.

Is it not certain that adequate planning or control by superior authority would have obviated the failure to use tug, barge and small vessel building capacity of our shallow harbors and rivers? This single failure is now responsible for munition factories being closed or run part time, for unnecessary suffering from cold in New England and the Middle

States, and worst of all, for criminal delays of deep-sea tonnage in our harbors because bunker coal cannot be obtained. When the fate of the world is hanging upon ship tonnage and we are feverishly expediting ship building, think of vessels in service being idle for lack of a little simple forethought that would have required the Shipping Board or some other agency in spite of restricted powers to meet this situation. What has been done up to today to make amends for the delay?

The scarcity of coal in Italy has driven her vigorously to develop her water powers, to burn wood in locomotives, to use inferior grades of fuel, such as peat. Long ago the Patriotic Education Society suggested that our Federal Government investigate the development of power at the coal mine mouth and its transmission electrically to factory and city to relieve the railroads. Such power development at the mines could readily be accompanied by the production of coke, which could be used to furnish steam power or be used as coke in industry in case it were found advisable to produce the power locally through internal combustion engines. A little co-ordinated vision at Washington would have caused the consideration of such problems months ago. Such central power plants would be great factors in producing tonnage necessary for high explosives and of which we today lack at least 50% of what we need, with no immediate hope of a quick increase of supply.



## XII

# Imperfect Democracy vs. Perfected Autocracy

Every business man knows that it takes years to develop an effective business organization. We are competing with a nation which has for decades developed its complex organization of experts trained to collect and use facts gathered from the corners of the earth. The suggestion to develop power at the coal mine mouth was received in some instances by the remark that the war would be ended before that could be done. Who knows when this war will end? Who today can tell how our resources are to be strained? Who cannot say that defeat and invasion of our own country can be prevented only by utilizing to the utmost of human ability every resource we possess? It is useless to criticise individuals even where individual fault is easily placed. America is the victim of our national complacency, the old belief that America compared with other nations had super-ability, super-organization powers.

In this uncertain world are we safe in sharing unreservedly with Secretary Baker the feeling that he expressed at Georgetown on June 5th?: "I delight in the fact that when we entered this war we were not, as our adversary, ready for it, anxious for it, prepared for it and inviting it. On the other hand, accustomed to peace, we were not ready."

### Germany—A Nation of Spoiled Children

At the end of our Civil War, with a trained army of one million veterans, the strongest armed force in the world, we did not challenge our neighbors,

we did not run amuck, but in ninety days most of those men were in their homes. Why should we today have faith in our ability to defend our ideals and yet so distrust our integrity of purpose as to fear military knowledge among our people? Germany during the past century has fewer years of war to her discredit than have Great Britain, France or America.

Those who have to do with spoiled children know that it is practically impossible to change them. The German military class produced a generation of teachers, who, as children, were fed with distorted visions which the rest of the world would call immoral. Those children grew up and taught the next generation until there has been organized in Germany an entire nation of morally spoiled children. How can this war end until that national immoral sense is subdued or until it conquers the world? We may have an early peace and leave it to our children to continue the struggle under perhaps still more desperate conditions, but surely we have no right to make any plans involving our national safety save on the basis of a long and desperate struggle, involving our utmost in unselfishness, efficiency and resource.

Secretary Baker, according to the Official Bulletin, issued by the Committee on Public Information, of June 21st, at a conference between cabinet officers and editors of trade publications, said, "I am not asking you to forbear criticism . . . Make your criticism helpful and constructive. . . . Point out the way to do it

right when you discover that it is being done wrong, and do not spare us who are here charged with the responsibility, if, after you have pointed out the right way to do it we persist obstinately in continuing to do it the wrong way." Congress is now investigating the War and other departments in the spirit Secretary Baker indicates. The public are just beginning to realize that many things have not been done as well as the gravity of the situation required. The whole nation desires to look backward, not for the sake of mere criticism, but to learn the lessons that we yet have time to apply for our future safety. Many of these lessons point to lack of fore-planning, owing both to lack of vision and to lack of accurate and comprehensive information upon which vision must build to be serviceable.

#### Warnings Unheeded

The Council of National Defense, from various directions, early received warning regarding the dangers involved in filling our Army and Navy with volunteers or drafted men without adequate provision for exemption to protect our essential industries. In spite of these warnings well over a million men were withdrawn from industries before this lesson was heeded.

The enormous personnel and floor space required to manage modern war were illustrated to the Council of National Defense by calling to their attention that the Royal Flying Corps in Great Britain prior to the war occupied seven offices and two years later was using 375 rooms; that the British Ministry of Munitions in London had commandeered a large hotel and in addition occupied temporary buildings in London and employed over 5,000 people in London alone.

When America entered the war, the Advisory Commission of the

Council of National Defense, upon which depended much of the expansion corresponding to that of the British Ministry of Munitions, occupied one-half of one floor in one office building in Washington. As the Commission expanded under its war burden other offices were gradually added, but it was weeks later before Secretary Baker visited the building, saw the need and approved adequate plans to house the Commissioners and their staffs. Similar conditions existed in every rapidly expanding department last Spring. Early attention was called to the inadequacy of Washington to house the army of volunteers and new workers the government would need. Today rents have trebled, hotels are booked weeks ahead, apartment houses are being commandeered by the government and occupants of years are being dispossessed. Upon private initiative has fallen much of the burden of meeting many of these war emergencies.

Thousands of American professional and business men have gone to Washington full of patriotism offering their services without cost to the government; and many of them have gone home sorely disillusioned. No central information bureau where they could even inquire where their individual services might prove useful; no place even to find out where to locate specific individuals they might have had occasion to interview. There was no committee or individual with adequate authority, unhampered by detail work, in a position to look ahead or to study the gaps and overlapping activities in the expanding organizations. That weakness continues until the present moment. *To handle it adequately a Planning Chief or Committee responsible directly to the President would seem to be essential.* Through such a mechanism condensed analyses of con-

ditions could be presented for executive consideration and action. Weaknesses within departments could be viewed from a national rather than from a departmental angle.

The country must remember the conflicting arrangements carried out by Secretary Lane and Secretary Baker in connection with fixing the price of coal, indicating lack of co-ordination, plans and policies among cabinet officials. President Wilson told the Governors, when they visited the White House during their conference early in May, that he was spending a large part of his time co-ordinating his executives. With the burden of international problems and other grave responsibilities, how can the President be expected to give adequate attention to the business problem of "co-ordinating his executives"? *If he had an organizing assistant, call him Secretary or give him no title, in whom he had confidence and who was supported by the authority of the President in carrying out investigations and obtaining information upon which plans for the present and future could be comprehensively based, some of the complaint which is yet rumored in Washington could be eliminated.* One often hears it said that leading executives, whose problems can be settled only by decision of the President, are frequently delayed days at a time in obtaining an audience with him. *Real co-ordination of executives in a comprehensive way would seem in these critical times to require daily contact and daily decisions.* This is true for success in business, especially when that business is of an aggressive, expanding character.

### No Matured Plans

Many students of organization have long since come to the conclusion that

the two weakest parts of our entire national war effort lie at the very top of our executive mechanism,—one right next to the President and the other just below his executive chiefs. If the story can ever be written, the unselfish patriotism of business men in trying to live up to the spirit of the national need without complaint, under conditions avoidably onerous, will excite general admiration. Many proclamations have been put into effect before underlying policies were either worked out or expressed, before adequate organization or mechanism or even plan had been created to carry them out. Export and import restrictions, priority rulings, commandeering of transportation facilities, price regulations are illustrations of these difficulties.

When General Crozier recently admitted before the Congressional investigating committee that the only preparation of his department for war prior to our entry was the preparation of a card index, it is indeed not surprising that our getting into war, unprepared was very comprehensively carried out. It is perhaps the one thing that we have done thoroughly.

The original Naval Consulting Board, the Council of National Defense and its Advisory Commission have all been useful educational factors and as such have doubtless minimized mistakes and delays.

It may be interesting to quote in review several bulletins of the Chamber of Commerce of the United States, all of which bear upon the subject of organization and coordination.

Bulletin No. 22 of October 1st is a dignified expression that business America expects constructive leadership from its government:



## The Duty the Government Owes Business in War

"The duty Business owes the Government in War has been clearly stated. Business must 'dedicate to the Nation every facility it has developed and every financial resource it commands on such terms and under such circumstances as our Government shall determine to be just.' Business owes the duty to submit unhesitatingly to such regulation and control by the Government as may be necessary to concentrate the industrial resources and energy of the country toward winning the war.

The duty which the Government owes Business is equally clear. The Government owes Business the duty of wise and constructive leadership. The control over Business carries with it the responsibility that the control be exercised in a manner to produce the results desired and to impose no unnecessary hardship.

When the Government says what business shall be done, what prices shall be charged, and how production shall be distributed, there is created a new system of production and distribution and there is brought to an end the old system understood by business men—i. e., the system of production and distribution by price. The new system must be developed quickly to replace the system no longer in effect and this new system must be made clear to business men so that they may know each day how to meet the problems of business.

What Business may do to help win the War is being determined by the Government. Concentration of industrial energy and resource will

come about to the full extent only if the Government affords the necessary leadership.

In meeting this great responsibility the Government can command the full help and assistance of Business. Side by side the problem may be worked out in mutual cooperation. With the full power to compel any business man to put aside all selfish desire, the Government may forget the controversies of the past and have the benefit of all helpful knowledge and experience of Business.

The struggle of the Nation brings about a common purpose and in creating the conditions under which business is to be done during the War, the Government can use without reservation the services of men who know business, its infinite ramifications, its delicate sensitiveness.

Business says to the Government "your buying of vast quantities of war supplies, your control of prices and distribution, create a new world for business. Not a moment is to be lost in clearing up the situation by giving us full knowledge of the new system of production and distribution upon which our very business life depends."

Business suggests to the Government as a means to clear up the situation that the purchasing of war supplies be under one control and that the fixing of the prices and distribution be made quickly and without hesitation and according to declared methods and principles. Furthermore, Business suggests that each industry form a committee to speak to the Government for that industry, so that when the Government desires to act those affected will be heard, and after action mistakes may be promptly corrected. In this manner full cooperation

between the Government and Business can be quickly brought about.

These are merely suggestions. The duty of leadership is upon the Government."

War Bulletin No. 27 issued October 30th tactfully hints at disappointment over the government's methods of price control and distribution and makes helpful suggestions for improvement:

## Price Control and Distribution

"The recommendations of business men through the Chamber of Commerce of the United States that the government during the war control prices, production and distribution under certain circumstances, make it desirable to consider the nature and extent of what has already been done by the government in this direction.

### Purposes of Control

Control of prices by the government may be for the following purposes:

1. To enable the government or the public, or both, to purchase at prices below those established by market conditions;
2. To substitute for the ordinary method of distribution by price a method of distribution of product on a basis of the country's requirements in connection with the prosecution of the war;
3. To prevent the making of large profits out of the war and thereby, among other things, eliminate a cause of great discontent on the part of labor.

### Prices Dealt With

Our government has fixed prices on copper, steel, coal, coke and pig-iron. In these cases, the prices to the public and to the Allies have been the same as that to our gov-

ernment, and the prices have been substantially below those prevailing in the market at the time. Therefore, the control of these prices by the government has accomplished the first of the three purposes indicated above.

### Distribution

There has not, however, been established thus far in any case a method of distribution in connection with the control of prices. Priority on specific orders has been granted, but no general effort has been made to distribute production among those whose requirements are most urgent, considered from the standpoint of national defense. In fact, the activity of the Priority Committee of the War Industries Board has thus far been confined almost entirely to the granting of priority on government orders. No general rules of distribution have been laid down. No announcement has been made of a classification of essential and non-essential industries. Priority decisions are still made on the merit of the particular application and not on the thoroughgoing consideration of the general requirements of industry. This makes it quite evident that, up to the present time, the government has not attempted to accomplish purpose number two of the above classification.

### Level of Prices

In the next place, wherever prices have been fixed by the government consideration has been given to the necessity of stimulating production and prices have been established at a sufficiently high level to accomplish this purpose. This has, of course, produced high prices and has in a large number of cases resulted in large profits—far beyond

those earned in normal times. The fixing of prices has not been accompanied by an arrangement under which excess earnings are paid into the public treasury—some such arrangement as that which has been adopted in England in connection with the “controlled” plants, as set forth in War Bulletin No. 14. In removing the discontent of labor at high war profits, taxation, because of its remote application, is unsatisfactory, even when directed at war profits, and such a general taxation measure as that recently passed by Congress is less effective.

### Elements in Situation

Therefore, as large profits are being made even in industries where the government has fixed prices, the government has not yet been able to enter upon the accomplishment of the third of the purposes above set forth.

It is not unnatural that the government should proceed slowly and hesitatingly with such unprecedented action as the control of prices and distribution. The very magnitude of the undertaking restrains the vigor and energy which would characterize the effort to solve a less difficult problem. In any event, however, success is only relative and in the early stages may be lost sight of entirely because of unavoidable confusion.

This makes it all the more important to distinguish between the results of partial effort which does not even endeavor to secure full results and those of thoroughgoing, well-developed effort. When the government has not endeavored to establish a new method of distribution to take the place of distribution by price even in the instances

where the government has controlled prices and where direct effort is not made to prevent the earning of large profits where prices have been fixed, it is not to be expected that production will be distributed on the best basis for the national defense or that discontent on the part of labor will be avoided.

### Difficulties to Be Avoided

In some respects the first attempts of the government at price control have been such that most business men will regard disappointment or failure as inevitable. To business men any fixing of prices to a vast multitude of users is an undertaking of almost insurmountable difficulty and absolutely hopeless if not accompanied by some method of distribution.

Where no mechanism is developed to take the place of distribution by price, and nevertheless an effort is made to control retail prices of a product in urgent demand, there will be of necessity wholesale attempts at evasion. The man whose house is cold endeavors to induce a dealer to secure coal for him by making gifts (often in the form of wagers) or by purchasing articles of no value. Similar conditions have produced the same experience for many hundreds of years.

### General Basis for Prices

There has not been developed as yet a clear policy with regard to securing the assistance of business men in connection with the control of prices. In some cases the government has called upon those interested in a business to participate in the actual fixing of the prices. This has resulted in a fixing of prices by negotiation—which is



clearly harmful. In the judgment of the undersigned Committee, men elected by an industry to represent it should be called upon by the government for full information which would be helpful in fixing prices, but the actual determination of the price should be a semi-judicial function.

This means that wherever prices are determined by the government it is essential that such prices should be arrived at according to some general plan and upon a definitely declared basis. Such general principles should be followed so far as possible wherever the government acts to control prices and would serve as a yardstick or standard between different industries.

In other cases the government has not consulted business men but has conducted independent investigations and announced prices without giving any information as to the basis on which such prices were reached. This necessarily creates antagonism on the part of business men who are unaccustomed to autocratic control, and prevents the co-operative response which might be expected from business men if they had a clear understanding of what was being done.

### Actual Conditions

Knowledge of actual conditions existing in business in its intricate ramifications can be acquired only by years of intimate contact. In the judgment of business men it is essential to success in government control of prices and distribution to establish a basis upon which this knowledge and information of business men can be at the service of the government under such circum-

stances as not to be influenced by selfishness or the need of self-protection.

Success in price control is to be expected only where made in connection with distribution and when the attempt is made as near as possible to the source of supply; also when advantage is taken of such helpful aids as the control of railway transportation; and furthermore when the government has the assistance of business men of knowledge and experience, furnished on a disinterested basis and under such circumstances as to bring about co-operation in the industries which such men represent."

Evidently the great industries have not been utilized in such a way as to furnish the greatest assistance to the government with the minimum of disturbance to the industry. This condition is known to most business men who have been in touch with conditions in Washington and again illustrates the importance of carefully planned policies based upon the most expert information and assistance obtainable, applied under conditions free from the objections and criticisms which have been possible owing to some of the relations existing between government and producer.

An Englishman in this country to purchase supplies for his government stated that he was officially told to see a certain individual in order to purchase a certain commodity, this individual being described as the government representative. This particular individual was the head of a company which had a virtual monopoly of that commodity and therefore was both monopolistic seller of that commodity and United States government representative at the time he was negotiating with this English official pur-

chasing agent. "In no other country in the world," remarked the Englishman, "would such an anomalous condition be permitted to exist."

### Apply Important Principles

As great confusion seems likely to occur in connection with our priority problem for a long time to come, we venture to quote in full War Bulletin No. 10 of the Chamber of Commerce of the United States issued August 3rd, 1917:

## Priority in England

"While Judge Lovett and the War Industries Board are determining what is to be done in this country regarding priority, it may be well to present to business men a statement of what has been done in England toward solving this problem as it exists there.

### British Priority Department

The Priority Department is under the Ministry of Munitions of War and has been gradually developed from an informal committee that was constituted in September, 1915, over one year after the war started. Before that time questions of priority were determined, if at all, by conference between the interested government departments. In this connection it may be well to recall that the Ministry of Munitions of War was not established until the Act of June 9th, 1915, was passed.

### Representative Character

When the Priority Committee was organized it consisted of representatives of a few of the departments of the Ministry of Munitions of War. From time to time the membership has been increased un-

til it now numbers at least a score who represent, not only the important departments of the Ministry—such as guns, small arms, gun ammunition, small arms ammunition, machine tools, raw materials, labor supply, etc.—but also the Admiralty, the railway department, India Office, War Office, contract department, Post Office, the Office of Works and lastly—of much importance—the Board of Trade. The Board of Trade is expected to represent the interest of private industry. The broad principle has been followed of having represented on the committee every interest which should be considered in determining questions of priority.

### Procedure

The committee meets every day and no priority can be granted unless all present agree. One objection rejects an application—but such decision is not final. The representative of the interested department may withdraw the application and refer the matter through the chief of his department to some one representing the Minister of Munitions, who is the final authority—for example, to the assistant secretary of the Ministry. It is stated that in practice the number of cases in which the action of the committee has not been accepted as final has been remarkably few.

### Origin of Cases

At the outset and for five or six months the Priority Committee acted only on cases presented to it by the government departments or by manufacturers. It gradually became clear that these cases represented only a fraction of what the committee could do with advantage.

Therefore in March, 1916, there was issued an order which became famous in the English industrial world as "Circular L 33." This created the semi-automatic machinery under which a manufacturer instructed as to priority by the committee could himself issue certificates to bring about similar priority on materials or sub-contracts for his contract.

### Classification of Work

"Circular L 33" was revised on March 8th of this year and now by order of the Minister of Munitions all persons engaged in certain industries have their work divided into three classes—A, B and C. A is war work, B other work of national importance, and C is all work not comprised in A or B.

Class A comprises work or material wholly required as a component part of any work or goods to be carried out or supplied under:

- (A) A government war contract which signifies:
  - 1. Any contract placed by the Admiralty, the War Office, or the Minister of Munitions.
  - 2. Any contract for naval or military equipment placed by an allied government by or with the consent in writing of the Admiralty, the War Office, or the Minister of Munitions.
- (B) Certified war work which signifies:
  - 1. Work on a contract or order which the Admiralty, the War Office, or the Minister of Munitions has certified in writing to be war or munition work.
  - 2. Work which the Minister of Munitions has directed to be treated on an equality with war work.
- (C) Merchant shipping work certified in writing by the Board of Trade to be munitions work.

### War Contracts

The Priority Committee grants priority in Class A as follows:

- 1. Most urgent war work.
- 2. Very urgent war work.
- 3. Urgent war work and
- 4. War work.

In addition there is an emergency classification which takes precedence over all. The following quotations indicate the nature of the instructions issued:

"The orders or contracts given below are such urgent war work that they should take precedence of all other work you have on hand, and all your available and applicable resources of labor and machinery should be concentrated on completing them. This special emergency instruction places the orders or contracts in front of all ordinary grades 1, 2, 3, 4 in Class A War Work."

"Priority Instruction 2—The orders or contracts given below are Very Urgent War Work and should rank on an equality with other Very Urgent War Work which you have on hand; and all available and applicable labor and machinery not engaged on other equally urgent war work should be employed on completing them."

### Certified War Work

In connection with Class B, priority is granted in Class 5, but only as regards Class B or C work. This makes two groups under B, *i. e.*, Instruction 5 and other Class B.

### Delegated Authority

Ordinarily under Class C no certificates are issued, as this work follows A and B, but in some cases preference is noted in Class C which gives rise to the following illuminating instruction:

"Priority Instruction 6—On the information at present available, the orders or contracts given below are not regarded as war work; or as necessary for the efficient conduct of the war, but these orders or contracts may be undertaken subject to the following conditions:—first, that the work thereon shall not be permitted to delay or interfere, directly or indirectly, with any war work or be taken as a sufficient reason for not understanding any future orders for war work direct or indirect which may be offered you; second, the present permission shall not be relied on as an objection to labor being removed from your works should the necessity of



doing so arise. Orders or contracts under Priority Instruction 6 should be executed in priority to other orders in Class C."

Where priority is granted to any manufacturer he automatically has authority to issue certificates to all supplying him with materials for the work in question which grant the same priority on such materials.

The Priority Committee closely supervises the use of this authority and reverses a priority certificate granted by the manufacturer whenever the action of the manufacturer appears to the Priority Committee not to be justified. On an elaborate form the Committee secures information from a manufacturer issuing certificates as to the grounds on which certificates were issued.

### Industries Affected

The industries affected by the Priority Committee are as follows:

All trades and manufacturers in or of metals, machinery, agricultural implements and vehicles.

The repairing of machinery or plant for use in Industry.

Woodworking.

Pottery and Glass Trades.

Buildings and Works of Construction.

Textile Trades and Manufacture.

Linoleum, Oilcloth and Table Baize Manufacture.

Rope, Twine and Line Trades and Manufacture.

Coal Tar Products, Manufacture of.

Dyestuffs, Manufacture of.

Other Chemical Products, Manufacture of.

Lubricating Oils, and other Lubricants, Manufacture of.

Oil Seed Crushing.

Soap and Candles, Manufacture of.

Fertilizers, Manufacture of.

Paints, Colors and Varnishes, Manufacture of.

Baskets and Wicker Work, Manufacture of.

Letterpresses and Lithographic Printing.

Papermaking.

Leather Trades and Manufacture.

Boot, Shoe and Clog Manufacture.

Coke, Manufacture of.

Rubber Trades and Manufacture.

Waterproofing of Fabrics of Paper.

Electricity, Gas and Water Services.

Stone, Marble, Granite, and Slate Quarrying, Cutting and Polishing.

Bookbinding.

### Orders Not Compulsory

The manufacturer is not compelled to accept work from the government, and when a manufacturer accompanies an order to another manufacturer, with a certificate which would entitle this order, if accepted, to priority, the manufacturer to whom the order is tendered need not accept the order unless he desires to sell. There is, however, strong indirect pressure to accept priority orders, because a priority order gives assurance that steel and other scarce raw materials may be secured, that transportation will be afforded, and also that a plant engaged upon priority work will have an adequate supply of labor.

### Orders Regarding Materials

The Priority Committee issues orders from time to time that no scarce material shall be used except on Class A work or Class A and B work. For example, an order has been issued that copper, whether wrought or unwrought, should be used only for work on Class A or B, and at one time an order was issued that spelter should not be used except in Class A work, or for the purpose of necessary repairs or renewals involving the use of not exceeding 1 cwt. of spelter.

### Reports of Supplies

The steel controller receives weekly reports from rolling mills giving the schedule of rollings, actual rollings, the shipments, and of great importance, a statement of reasons for retarded output. The reports require the name of each customer and of the priority class in which the order is entered. The Priority Committee thus has actual control over all work done in the

steel business. Reports are required of all stocks in Great Britain of certain listed scarce material, and from time to time the Minister of Munitions takes possession of all stocks of certain character. This has been done with regard to brass, brass scrap, copper and copper ore, etc.

### Suggestions to Manufacturers

The Priority branch of the Ministry of Munitions of War issues such notices as:

"Please note that no corrugated sheeting is available for general or export purposes. It can only be obtained for direct war work. It is, therefore, only a waste of time to apply for permission for other purposes. Steel, Brass and Copper also can be supplied only for war work, or for maintaining essential National Industries."

From time to time the Priority branch requests of the manufacturer a list of all of his orders, giving customer's name, and full particulars, including what proportion of the work remains to be done. As indicating the existing attitude toward Class C work, it is stated Class C contracts need not be given in detail, but their number and total value should be stated.

The following request is of interest: "In order that it may be possible to ascertain roughly whether you have so many orders in hand in Class A that you are not able to make progress with orders of Class B or C, you are requested to indicate approximately the number of orders on your books not begun or not yet completed but to give an indication in some other form most convenient to you, which would render it possible to form an estimate of your ability, with the labor, plant and the materials available, to execute at the present time B and C classes."

### Coal Distribution

The Comptroller of Coal Mines of the Board of Trade has recently issued an order that, effective at 6 P. M. September 8th, 1917, all coal contracts are to be abrogated. Thereafter, each coal-producing district may sell coal only for delivery in certain stipulated areas. It is stated that this is done:

1. "That consumption of coal should take place as near the producing point as possible."
2. "That in view of the supply facilities afforded by the main trunk lines, the movements of traffic should follow these routes wherever possible."
3. "That the movement of coal should, as far as possible, be in well defined directions: viz.: north to south, north to southwest, north to southeast, east to west."
4. "That an area producing less coal than suffices for its own need should not send any portion of its coal to other areas. That an area producing more coal than it requires for the consumption within the area itself, should distribute the balance to adjacent or convenient areas."

The Comptroller of Coal Mines estimates that this arrangement will effect a saving of 700,000,000 ton-miles in the transportation of coal by the railways.

### General Purposes of Priority

The above illustrations indicate that the Priority branch of the Ministry of Munitions has for its functions to bring about harmonious action between the conflicting demands of the different departments of the Ministry of Munitions, of the Admiralty, the War Office and other government offices, the railroads, the mines and other quasi-public service and approved industry.

All these different public interests are in more or less active competition among themselves for their share of raw material, manufacturing capacity, and labor of the coun-

try. The Priority Committee has been created in recognition of the fact that the decision between these several interests cannot be left in war-time to the uncontrolled operation of prices.

The work of the Priority Committee has been the consideration of definite concrete problems. Recently, a small committee has been formed to meet occasionally and formulate general principles. This procedure first to meet conditions and then develop comprehensive principles is noteworthy."

## Seek General Principles

The final paragraph of this bulletin deserves particular emphasis. It points out that in connection with the British Priority Committee work, a small committee has been formed to meet occasionally and formulate general principles. Extreme criticism against our American methods is warranted on the basis that many of our efforts are spasmodic and detached. Our constant aim should be to look for general principles. In fact, we need a Herbert Spencer.

As suggesting an important improvement in our war purchasing mechanism, some of the resolutions adopted at the War Convention held in Atlantic City in September by American business men are worth quoting:—

"WHEREAS, It is the spirit of American Business that however fundamental may be the change in the relation of Government to Business, the Government should have the power during the period of the war to control prices and the distribution of production for public and private needs to whatever extent may be necessary for our national purpose; be it

*Resolved*, by the representatives of American Business met in War Convention, That all war buying should be assembled under the control of one Board or Executive Department; and be it further

*Resolved*, That this war supply board or department should be given full power to procure war supplies to the best advantage to the Government as to price, quality and delivery and in a way to maintain essential industrial life without disturbing social and economic conditions; including the power to fix prices not only to the Government but to the public on essential products and to distribute output in a manner to promote the national defense and the maintenance of our industrial structure."

Germany, according to Edward N. Hurley, then Chairman of the Federal Trade Commission, long ago had 85% of her commerce and industries represented by trade and commercial organizations. These were fostered by the Imperial Government and formed an important link in the chain of imperial commerce and industry. The long-standing distrust of American business men and financiers on the part of the public and our government has increased our difficulty in using our existing trade and commercial organizations to the utmost advantage in prosecuting the war. It is to be hoped that this condition will rapidly disappear, because events have proven that every class in our social and industrial mechanism has been open to praise for its unselfishness and condemnation for its profiteering tendencies. The small salaried worker of the country has suffered most through increase in the cost of living, and it seems probable that the workingman has obtained greater reward from the



general upheaval than has the average business man with comparatively few exceptions. Unfortunately, these exceptions are in the public eye and the vastly greater number of unfortunates, many of whom are producing the non-essentials, is overlooked.

As it seems likely that we shall be slow compared with Great Britain in eliminating the production of luxuries, the official utterance of the United States Chamber of Commerce on this subject is entitled to consideration:

## Non-Essential Business

"Business men everywhere are wondering what is non-essential business. This Committee is receiving many inquiries as to the manner in which this will be determined by the government and what course will be followed in withdrawing labor and materials from such industries as may be regarded as non-essential during the war for the necessities of industries essential to the war.

No policy in this connection has been announced by the government and the above questions cannot be answered. When the occasion arises, what should be done seems clear to this Committee. No action except emergency action should be taken, except in accordance with some general plan based upon a thorough survey of industry, which, no doubt, has already been made. If unnecessary hardship is to be avoided, if there is to be no discrimination, the government should not act until a general plan has been formulated and made known to the business of the country.

Before a business is classified as non-essential and deprived by act of government of labor and materials, the industry through duly elected

representatives should be given an opportunity to discuss the matter, and to learn the premises of the government and the reasons for action. The motive of the government,—the concentration of industrial energy toward winning the war,—appeals to all, and every industry can be relied upon to assist in bringing itself into adjustment with the war needs of the country.

As has been frequently pointed out in these Bulletins, if the government acts in this connection with sufficient dispatch, the industries of the country may be given an opportunity to meet the needs of the emergency in a gradual manner and after deliberate planning. With English experience as a guide, and with the unhesitating support which business has given to the government in the national effort, full opportunity is afforded for deliberate planning and adjustment.

Where an industry is regarded as non-essential and must be deprived of labor and materials, such deliberate planning may lead to the use of substitute materials or different processes of production. In this manner, unnecessary hardship may be avoided.

It should be a cardinal principle that the normal structure of business should be maintained during these abnormal times as far as possible. Therefore, consideration should be given to the possibility of allowing non-essential business a proportion of its requirements of labor and materials, so that some organization may be retained to be developed again upon the return of peaceful conditions.

Furthermore, when the government is forced to deprive a business of materials and labor because it is non-essential, an effort should be

made by the government to place with the industry orders for product needed in the war. In this manner a helping hand may be given to business suffering solely through sacrifice for the common good. In this same connection it may be said that if men are to be withdrawn from industrial communities where they have houses and gathered in manufacturing centers already congested, there is created a great housing problem in connection with the production of war supplies. But if in placing war orders effort is made to produce war supplies in the centers where labor is housed, not only will congestion in munition centers be relieved, but there will be avoided at the end of the war the great problem of moving labor back to the normal producing centers.

One of the reasons for suggesting the formation of War Service Committees in industries was to bring about an early consideration of the above problems and to direct the attention of industries to the need in these abnormal times of preparing for diversified or unusual production to keep the industries intact during the war. Such committees could effectively present to governmental authorities the manner in which industries might conform to war-time conditions. In a democracy it is certainly far better for industries to become adjusted to new conditions by cooperation between the industries and the government rather than by compulsion of drastic and unprecedented government action."

#### Foster Trade Organizations

Every thinking man agrees that our national welfare demands the transition from peace to war activities with a minimum of interruption to our

economic prosperity, individual, corporate, and national. A great factor in this must be the intelligent use of trade organizations and experts. Probably the greatest service that the National Chamber of Commerce could perform for the country and the service most closely allied to its past activities lies in the effective creation, organization and utilization of its proposed war service committees. Invaluable should be the aid of such committees in studying and assisting in the control of the ebb and flow of labor, the study of essential welfare problems, furnishing authentic information regarding productive facilities and processes, supplies of raw materials, increasing the educational value of trade journals, costs, distributing problems, and, in fact, all of the important industrial problems which yet remain imperfectly solved.

Says the Chamber of Commerce War Bulletin No. 24 of October 8, 1917:

### Organization of Business

#### Election of War Service Committees

"The discussions at the War Convention of American Business brought out the fact that the government's purchases of war supplies are so withdrawing material and labor from established industry as to create great problems for business.

#### Extent of Government's Demand

The extent of the demand which the Government is making upon the industrial resources of the country is indicated by the recent estimates that the government expenditures for the first year of the war (including loans to the Allies) would amount to twenty-one billion dollars. This figure should be com-

pared with eight hundred fifty-three million dollars, the combined total of all the business done by all of the subsidiaries of the United States Steel Corporation in 1916, or with the estimates of the gross value of all the business done in the United States in the year 1916, which range between forty and eighty billion dollars.

### Resulting Problems

To the established business of the country it is vital that these vast requirements of the government for material and labor be met in a manner to interfere as little as possible with essential industry and in a way to maintain as far as possible in these abnormal times the normal structure of business. The conclusion was reached at Atlantic City that each industry at the earliest possible moment should appoint a War Service Committee to speak for the industry in connection with these great problems.

### Organization for Each Industry

Many lines of industry are seriously affected by inability to get necessary material or labor and face serious problems for the future in connection with the shifting of labor from one community to another. Because these are problems, not only of the individuals in an industry but of the industry as a whole, the industry should organize and act in the common interest. These are problems not only of business but also for the government because it is essential to the winning of the war that the industrial life of the country be maintained in sound condition. Furthermore, the government, to procure war materials and supplies in the vast quantities re-

quired, needs the advice and assistance of men having thorough acquaintance with each industry, and the committees can be of help in this connection. Also, the government is confronted with great problems in connection with the regulation of prices and distribution and, to avoid unnecessary interference with business, needs at its service the practical knowledge and experience which could be furnished by such committees.

Many committees have been appointed by the government under the Council of National Defense. These committees were formed primarily with the thought of securing the quantities which the government has to purchase, rather than to consider the broader problems which have more recently developed in securing these vast quantities in a manner to disturb business as little as possible. Furthermore, many of these committees have become inactive; in fact, already a number of the committees have been discontinued. Committees appointed by the government are of limited usefulness.

### Representative Committees

The vital importance of having a truly representative committee in each industry to speak to the government with regard to that industry and to transmit to the industry such instructions as may be given by the government,—in short to furnish a point of contact with the government in connection with the problems of the industry,—was made clear at Atlantic City and made it seem advisable to the Convention that each industry be asked to hold a special meeting of all those engaged in the industry to elect a War Service Committee.



It was thought that such committees might undertake the following:

1. To assemble accurate information with respect to the facilities of the industry, the possibilities of expansion or the readjustment of plants and equipment to meet the ever increasing requirements of the government.
2. To arrange for the gathering of figures as to cost of production in the industry, including conditions in the industry which were changing the cost of production. In this respect the committee would furnish to the government information which would prevent avoidable hardship in the business by government regulation of prices or distribution.
3. To act with the Priority Committee of the War Industries Board which is establishing principles governing the distribution of materials in transportation and the order in which various products are to be produced and distributed. The work of the Priorities Committee calls for an immense organization and the quick adjustment of industry to the demands of the priority system. A War Service Committee representing an entire industry can be of great value in dealing with priority questions with relation to that industry.
4. New facilities are being created and there is great shifting of labor from one section of the country to another. War Service Committees could offer suggestions regarding the use of existing facilities or the employment of labor in districts of the country where needed after the war.
5. These committees should be ready at all times to meet with any of the departments of the government whenever their advice is desired, to discuss questions affecting the industry raised by the war needs of the government. The committees might also, on their own initiative, present to the government questions which call for consideration. The committees might from time to time suggest on behalf of the industry how orders and material can be distributed to the best advantage, and with the least disturbance to existing or prospective conditions.

### Selection of Committees

It is evident that the War Service Committees can be of great use to the government and to the industry

but to reach the fullest service such committees should be formed in a thoroughly democratic manner. All engaged in an industry should meet and after careful discussion and thought a committee should be elected representing the large plants and the small plants, the geographical distribution of the industry, and composed of men of thorough actual acquaintance with the business and the conditions prevailing. In this connection it is suggested that the following points should be kept in mind in selecting the membership of such committees:

- A. All branches of the industry should be represented on the committee, whether members of a trade organization or not.
- B. It is important that the committee should include representatives of some of the smaller units of the industry as well as the larger.
- C. To be in a position to render efficient service, the committee should not necessarily be made up of the presidents of the largest units of the business or of the best known men, but should contain men of recognized ability who have a thorough knowledge of the important details of the industry, particularly costs, specifications and volume of production. Where the industry is widely scattered and different problems exist in different sections, it is important to have the different sections of the country represented, but effort should be made to appoint a committee which can be readily assembled for committee meetings.
- D. Sub-committees of the important branches of the industry should be appointed to cooperate with the War Service Committee wherever possible.

In general War Service Committees should be composed of men with a broad view of the industry as a whole and with full comprehension of the fact that the war calls for far-reaching changes in the methods of nearly every business in order to meet present national requirements.

It is important that meetings for the selection of War Service Committees be held at the earliest possible moment. It was the unanimous vote of the Atlantic City convention that the Chamber of Commerce of the United States be requested to bring to the attention of all industrial interests the need of prompt action and give its aid in every possible way in the formation of committees.

### Personnel of Committees

The National Chamber is glad to perform this service. It requests that as fast as meetings are held in various lines there be sent to its headquarters in Washington a list of all those in the industry invited to participate in the meeting, a list of all those who attended the meeting and the names of the members of the War Service Committee chosen, with brief data about these committee members and their business connections. Records of the committees organized in all lines will be assembled in Washington and as soon as practical a meeting of the committee chair-

men will be called for the purpose of selecting an Executive Committee and to discuss a program of work on common lines for all committees. The Chamber of Commerce of the United States earnestly requests your immediate attention on this matter and urges that you use your influence to secure action quickly.

In having a general meeting of all business men engaged in an industry, it is suggested that where there is an existing organization in the industry this organization call such a general meeting. Where there are two or more organizations in a business that the organizations should jointly call such a meeting. Where there is no organization in the business, it is suggested that some of the leading men in the industry immediately call the meeting.

In some industries committees have already been formed in accordance with the procedure outlined above. To establish the credentials of such committees it would be well to furnish a list of those invited to the meeting and of those actually attending the meeting at which the committee was elected.

## The Council of National Defense

As the Council of National Defense is the mechanism which was chiefly organized for the purpose of absorbing the shock occasioned by war, it would be instructive to study the minutes of that body in order to ascertain its own powers and capabilities for growth and organization. In this connection, the Advisory Commission of the Council bears a direct relation to the constructive abilities of the Council itself, because it appears to be thoroughly dominated by the Council—to such a degree, in fact, that the Advisory Commission to an outside observer never presented the appearance of being an entity. It seemed more like a parasite.

The chief reliance for coordination between the Council and its Commission, as well as amongst the individual members of both Council and Commission, was Mr. W. S. Gifford, who had been appointed Director of both Council and Commission. Mr. Gifford is a young man whose voluntary service on the Naval Consulting Board had been usefully engaged upon the first real war industrial census made by this country. Mr. Gifford was Chief Statistician for the American Telephone and Telegraph Company and brought to his service in Washington a well-informed mathematical type of mind, to which he added tact and diplomacy to such a degree that he has remained Director through all the difficulties which have confronted him. His efforts have steadily been bent toward a more effective coordination and, although more slowly than one would have expected, toward collection of accurate statistics and other data of national value. Had Mr. Gifford pos-

sessed greater experience in the business world and perhaps greater force, his influence might have been sufficiently dominating to be more effective than it has proven.

The Council of National Defense, consisting of six Cabinet officers, merely grouped under that title, carried on work which without the creation of the Council would probably have been mainly handled anyway by their respective departments. The Council gave perhaps an added excuse for more frequent meetings of that particular group of Cabinet executives. The Commission, as well as an outsider in constant contact with some of its activities for several months could judge, held infrequent meetings and apparently each Commissioner to a large degree "paddled his own canoe." The personnel of the Commission, to some extent, would explain this condition at a time when it might be supposed that the country needed the best amalgamated ideas of its leading thinkers.

The experience of one individual who endeavored to further the efforts of the Advisory Commission may be outlined. Early in April finding a scarcity of furniture in Washington, a half carload of office furniture was shipped hurriedly to Washington and offered to the Advisory Commission, but it was not accepted, although, at the time, the efforts of the Commission were handicapped by lack of office equipment.

Washington was being invaded by literally thousands of men thrusting their services upon the Council, but for many weeks no central point was provided where these anxious volun-



teers could have their simplest inquiries answered. This need was so obvious that it was frequently urged upon the Director and others of the Commission.

The difficulty of learning the location of people who were engaged by the Council or Commission, lack of information regarding duties, authority and plans, the fact that commissioners were duplicating each other's activities, the prevalent evidence that the whole effort was almost a "go as you please" affair, because no comprehensive plans had been prepared in advance, all contributed to the conclusion that one of the most urgent needs of the Commission was a bureau of information which should centralize the changing and growing plans and information from day to day and serve as a clearing-house for all who had a right to use it.

With this need in mind, the offer was made to the Director and Secretary of the Advisory Commission by the above-mentioned individual that he would, at his own expense, estimated to cost \$20,000 to \$50,000 per year, establish a clipping bureau for the purpose of furnishing to the leading executives and commissioners abstracts of information pertaining to their functions. It was the idea that this department should gradually become a bureau of information aiming to meet the growing needs of the Council and the Commission and to assist in contacting with other governmental departments. It contemplated the creation of a library for the purpose of gathering and disseminating the wealth of important literature bearing upon Great Britain's and other war experiences and contemplated also a definite method for marketing this useful information to those who might not realize its value, but who, by persistent education, should, in time, be

enabled to use it. A complete multi-graphing outfit was tendered as an important auxiliary to such service. Such a bureau had untold value as an educational and unifying factor but it never appealed sufficiently to have the proposal accepted or encouraged, or even to have, in any comprehensive way, the idea copied.

The British Prime Minister is said to have one clipping bureau devoted exclusively to compiling information obtained from enemy countries relating to their plans. A specially edited daily paper furnishes the Kaiser and the German General Staff with information essential to their daily activities.

The individual mentioned had visited Great Britain and France, had studied munition plants, hospitals, the shipyards, the fleet and the armies at the front and for a year had been collecting literature bearing upon such war problems. Up to date he has endeavored to make this collection of service to various departments of the government, many of which need some of the information involved and do not know where to get it. Our large industrial corporations have demonstrated the usefulness of equivalent libraries and information departments, but have generally discovered that it takes a long time to educate employees to make adequate use of such facilities, and to succeed quickly, centralized educational direction from the top is essential.

### Organization Without a Backbone

The appointment of great numbers of committees, often without their powers or authority clearly outlined, often duplicating activities or existing with huge gaps, has often shown the need for central direction of organization on a comprehensive scale.

Mr. Daniel Willard's organization progress as Chairman of the Advisory Commission and of its Transportation Committee illustrated the lack of general supervision of that vital problem of organization which was entitled to first consideration as the first step in preparation for war work. Although considerable progress has been made without such unified planning, the cost to the country through unnecessary delays must be great beyond measure. It is evident upon reflection that every one of the illustrations mentioned in this pamphlet applying to several of the most important functions of our war machine leads to the same general conclusion. We have plunged into our activities with unnecessarily limited foresight, forethought and foreplanning. Impelled by the immense amount of work to be done, every executive

has immediately made of himself a routine operating man. The very patriotism and energy of their efforts kept goading them on to doing more work themselves. The feeling of responsibility for their individual problem more and more made it difficult to apply the broad vision that accompanies detached thinking. Thus it became increasingly difficult to apply the remedy. The more the machine speeded up, the more each man became the slave of his own work and the more his chief thought was to be let alone to do the daily tasks which were crushing down upon him. Perhaps the surprising part is that, under such circumstances, the achievement is as great as it is. Every American must admire the fortitude, the grim determination, the superb patriotism that underlie these achievements.

## XIV

# Congress, Apply the Lessons!

Unfortunately the invisible censorship, the very evident distaste for investigation, criticism and, at times, even suggestion, have made application of the fundamental remedy impossible until the compelling power of Congress "lifted the lid."

And now the main thought must be "How can the nation obtain the utmost in result from the feverish activities of its war personnel?"

We have not in this country, as England has, an organized "Opposition," therefore we must increasingly rely upon our executives for voluntary frankness. Lord Northcliffe has insistently and persistently told the British that censorship served chiefly to hide government inefficiency. Our own experience suggests that it might be safer to tell Germany the 10% she does not know about our war progress rather than keep from Americans the 90% we still need to know in order to enforce adequate speed and efficiency.

The American has astonishing respect for officialdom. His confidence in his leaders is unbounded, all of which throws upon our executives an extreme obligation for honest frankness. At present the nation is faced by an actual shortage of mutton, beef, pork and grain which is largely responsible for the difficulty in limiting prices. The public has not been told this frankly by our executives, thereby permitting the I. W. W. and other agitators to blame the high cost of living entirely upon profiteers, which is only partly correct. Had our people been officially informed with frankness regarding the unquestioned atrocities of Germans and Austrians prior to our entering the war and even after

the unrestricted submarine campaign, it seems probable that public opinion and Congress would have felt warranted in forcing preparations which would perhaps have saved us a year of war.

### Sympathetic Suggestion Acceptable?

It is difficult for Congress, with only the superficial information which even extended investigation can furnish of this tremendous national effort, to formulate specific changes in organization that are likely to meet with the support of the executives involved in sufficient degree to insure success.

*It is to be hoped, however, that sympathetic suggestions from Congress might lead the executives themselves to carry out in principle and to formulate in detail whatever is necessary to achieve maximum progress.*

If the President desires to retain active direction of the business of waging war, it might be feasible, with no new legislation, for him to appoint an assistant as business manager, or organizing assistant, or with no title whatever, in whom should focus all of the strictly business problems involved. Then were this individual to be reinforced with an adequate planning department which should have the benefit of the President's frequent advice, it would seem that permanent organization, correct in principle, could be quickly provided.

Our nine months of war experience have taught many lessons. The New Year should make us resolved to apply them. The plan suggested would doubtless occasionally require added



legislation, because it would probably be attended by rearrangement of departmental responsibilities and perhaps the creation of new departments. But whatever changes were made would necessarily be made with consideration of the entire situation and all the national and international needs rather than through the unbalanced pressure that now is the chief cause of progressive changes in organization and activity.

If such a plan should meet with opposition, the method favored by many students of organization, involving the creation of a superior War Council or Board, overriding the Cabinet departments and heading directly up to the President, offers certainty of marked increase of efficiency and speed. This more nearly corresponds to the British method. Its success, likewise, depends greatly upon the individuals appointed to such extreme powers. Some of our executive appointments in the past have scarcely commanded the approval of the country.

While one must admire the President's loyalty to the associates he has chosen and to his appointees to various staffs, it is nevertheless important to remember that even capable men wear out under the strain of war work and that not all men of even admitted ability possess the adaptability to operate successfully in new surroundings and under new conditions. Also it is difficult to judge whether a man has sufficient constructive ability to meet the demands of a rapidly changing responsibility until he has been tried in the actual performance. Should he not come up to expectations, it is no disgrace to the man, as there may be other positions in which he would succeed. Our unwillingness to make special effort to get the best men fitted into the right places without fear or

favor has brought forth warranted criticism.

There are two ways to succeed. One is by doing the right thing; the other is by doing the wrong thing, but correcting it so quickly that the net result is quick progress. Nobody is infallible. Never before have individuals faced such tremendous situations. Almost any mistake can be forgiven if corrected with courage and speed.

A special committee, entrusted with locating the ablest operating and constructive minds in America should be constantly seeking the qualities so urgently needed in high places in Washington, always requiring the square peg for the square hole.

### Let Us Begin Anew

It is said that America has always done what she set herself to do. Unfortunately, our history shows, that while this is true, the price has generally been unnecessarily high.

Let us organize the encouragement and analysis of suggestions in every department and the application of useful ones.

Let us discover governing principles in each one of our general activities. Let us discontinue reliance upon charts of organization which do not function. Let us with central leadership develop inspection forces capable of preventing honest mistake or abuse on the part of profiteers in whatever station and sufficiently intelligent to carry the lessons to the executives who can apply measures to correct avoidable weaknesses.

Great Britain has learned the immense value of flying squadrons of skilled workers willing to jump to strengthen the weakest spot in production, wherever it may appear. Let us apply the flying squadron idea not only to skilled workers, but to managers, engineers, auditors, cost clerks, shipping

clerks, superintendents and all of the essential positions that at any time indicate weakness.

Let us also apply the idea of training and education so that not only progressive improvement in the carrying out of duties, but also coordination and unification of method and plan, shall result.

Let the accumulation of accurate data and information, of comprehensive ideas and suggestion be developed so that it may be sifted and filtered and furnished in sufficiently condensed form to all of those who need and should use it.

Stagnation, conflict, disagreement must be reported and delay obviated by adequate checking systems.

Let our means for investigation be like the "tanks," capable of overriding any entanglements.

National census of alien and industry, of skilled worker and raw material, of every factor that needs regulative distribution and application must not be delayed through dismay over the size of the task.

Mathematics, properly applied, will win the war.

If our strictly military operations must be separated from the business of purchase, production and distribution, let the job be clearly and thoroughly done.

Let us no longer rely upon such mechanisms as the Aircraft Board limited to an expenditure of \$100,000, accepted by the country as the responsible body for producing the aerial fleet which is to win victory and yet limited in fact to mere suggestion and without organization even to suggest comprehensively. Without discredit to the members of that Board, one is warranted in predicting that Germany will be superior to her enemies in the air next Spring. Let our entire military activities,

including naval, be concentrated in a supreme General Staff formed of experts, capable of applying aggressively the combined military, naval political, financial, commercial, industrial and other forces which collectively form our national strength as applied against the enemy.

Above all, let us cease applying makeshift remedies. The proposed creation of a munitions chief to be a Cabinet member and to control production of war supplies would, it is true, be an improvement over present arrangements, but the lack of coordination among the Cabinet executives and the various administrators would still remain a fatal weakness.

### Is This Patriotism?

About the middle of last June, two American business men who had been giving their time in Washington, became alarmed over the lack of coordination and vision and the complacency that seemed to prevent the doing of our utmost and arranged a meeting in New York with fifteen or twenty leading newspaper owners and editors. A series of facts showing specific danger from enemy spy activities, from vacillation and mistakes in the Navy Department, from the lack of coordination everywhere, from the invisible censorship and the difficulty of carrying suggestion effectively to some executives, was presented. Then the newspaper men were urged to speak more frankly to the country. They admitted the truth of the facts presented and the inevitable danger that must result from continuation of such conditions, but they said, "The country considers it patriotic to stand behind the President and anything which appears in any way to be a criticism of the administration will not be tolerated by the people.

Nothing can be done until there is a disaster."

Since then we have had disaster after disaster. Some of them have not appealed to Americans because disaster in Italy, disaster in Russia, disaster in our own shipbuilding plans, have not yet assumed their proper relationship in the public mind. Is it true that democracy must depend upon disaster for progress? Can autocracy alone calmly and efficiently plan and provide in advance against the problems of the future?

For many months, the Patriotic Education Society has endeavored to carry these messages to our executives and, failing in that, to our people; but much yet remains to be done.

For nine months the supply of spruce necessary to carry out our own airplane program and that of our allies has been jeopardized for want of a few thousand lumbermen in the spruce forests of the Northwest. Plan after plan has been made by the Aircraft Board and the War Department to overcome this difficulty, even including sending men from the cantonments into the forest. These plans have generally been thwarted by some other bureau or division of the War Department itself. This is not surprising perhaps when one considers at random other typical instances showing lack of recognized policy and control by employees of various government departments:—

a. The War Department located a quantity of TNT and was negotiating for a lower price when the entire lot was purchased by the Navy at the price asked by the owner.

b. A certain product was sold at six different prices to six different departments in the War Department.

c. Methods and times of payment for purchases differ in various depart-

ments and also in the same department.

d. An officer in the Ordnance Department was recently actively engaged in recruiting labor for the Ordnance Department from munition plants in one of the greatest munitions producing districts of the country.

e. Contracts for shipyards on the Pacific coast were let without any regard to the local labor supply.

f. Both public and official attention have been so largely concerned with the problem of building ships that the equally important one of operating ships in service efficiently has been sadly neglected, as even superficial investigation would disclose.

g. The War Department's recently organized War Council apparently duplicates the work which properly belongs to the General Staff.

h. A writer in the *New York Times*, December 23rd, 1917, states there have been three thousand strikes since we entered the war. No government department has a list of these strikes, nor complete data regarding the causes of their origin, method of settlement and present conditions.

i. It is said that we sent to France when we entered the war more than four thousand Red Cross doctors, nurses, ambulance drivers, without investigation as to their qualifications and loyalty. The government had been repeatedly warned that this was a prolific field for spies and several have already been found among those early quotas.

j. With an accumulation of freight at Vladivostok estimated to require from two to seven years to transfer over the Siberian railway, the unnecessary drain on ship tonnage is evident at a glance.

k. An officer recently from the front in France sees evidence that insufficient attention is being paid to the



production of those supplies most needed first and fears that we will produce enormous quantities of material not needed for a long time at the expense of things urgently needed first. This is closely related to the Vladivostok condition mentioned in the preceding paragraph.

l. The statement was made in the spring of 1917 that the Navy Department had contracted for 70% of the capacity of American shipyards. It might be interesting to investigate the cooperation between the Navy Department, the Shipping Board and the ship builders for the purpose of making all our ship building facilities go furthest and to meet the most urgent needs first.

m. Some of the 154 committees of the Council of National Defense scored Congress for delay in making appropriations specifically requested by executive department officials. A national budget system placing responsibility upon executives would seem to be an important war measure.

n. From the *Manufacturers' Record* of November 1st, 1917, we quote:—

"We recently published a summary of a report of a committee on the nitrate question, but, as we have studied that report, we cannot accept all of its conclusions. Two of the recommendations were as follows:

"That the decision as to more extensive installation of nitrogen fixation processes and water-power development in connection with them be postponed until the plants above recommended are in operation or until further need arises.

"That while the preceding recommendations include all the measures that can now judiciously be taken for the fixation of ammonia, it is the opinion of the committee that the immediate accumulation and the permanent maintenance of an ample reserve not

less than 500,000 tons of Chile salt-peter is the measure most urgently necessary.

"Here is an urgent, imperative call to accumulate immediately 500,000 tons of Chilean saltpeter and the maintenance of that amount as a reserve. Even if no adverse conditions of any kind as to submarines or as to the inability to secure Chilean nitrates should be developed, it would require 100 shiploads of 5,000 tons each to bring this nitrate to America and many other shiploads to keep up the supply.

\* \* \*

"The coal shortage is being intensified by the lack of water-power development, and the nation is suffering today in every direction—in army work and navy work, in factory operations and in private homes—because we have thrown around coal production unwise restrictions, and because coal now, of necessity, enters into many uses for which hydro-electric power would be available but for the blunders of Congress, led by professional theorists and alleged patriots.

"It seems to us almost criminal shortsightedness to depend upon the purchase of 500,000 tons of Chilean saltpeter and the maintenance of a reserve of that amount, for it is exceedingly doubtful if we can secure it and certainly we cannot secure it in time and certainly we have not the shipping to spare for it.

"The suggestion that a new system of producing nitrate may work out satisfactorily, however high may be the character of the men who made this report, must, of necessity, be open to serious question as to its wisdom when coupled with this purchase of Chilean nitrates as a prime requisite while waiting to test out the new system. Had a decision been reached

that the Government should immediately spend the \$20,000,000 which Congress voted for that express purpose, the work might have been well under way, and had not the dilatory tactics of the first committee to whom this matter was committed by Congress—dilatory because they did not apparently recognize the one supreme issue before the world of making war and saving ourselves—delayed the work, we might be almost at the point today of being able to produce nitrates equal to our needs. *Time more priceless than any time in all human history was wasted and is being wasted, and the life of the nation may yet*

*hang in the balance because of that wasted time."*

#### Who Is Responsible?

An American technical expert who was investigating fixation plants in Europe about a year ago remarked that not until Germany considered herself equipped to produce artificial nitrates did she start the war. If we are to apply the Lewis ~~gun~~ principle to the nitrate supply who assumes the responsibility? Study the organization chart on the back cover of this pamphlet and see if you can find out where the blame would rest should national disaster result from this delay.

## Importance of Personnel

It is rumored that the Advisory Commission of the Council of National Defense was offered by President Wilson all of the power and authority that it was willing to accept. The Advisory Commissioners quickly became, like the Cabinet officers, routine men. There was little evidence on the outside of their meeting regularly and frequently, like a Board of Directors, to consider the general policies and functions of the Commission. Even if they had attempted to operate as a Board and build an organization capable of rapid expansion to meet every emergency, one might question whether with the personnel of the Advisory Commission much success would have followed, unless by good fortune a chief could have been obtained who had the confidence and daily support of the President and who could lead the Commission toward definite policies and action unhampered by the retarding influence of the bureaucratic peace organizations.

Given correct organization, even mediocrity of personnel cannot prevent progress. In industrial life exceptional ability and energy may override red tape and obstruction. But in Federal affairs even that possibility is lacking because the job is so big and interlocking that individual effort, without organized initiative, is imprisoned. Nevertheless, when all work is new, when every day brings unexpected changes, the constructive mind is needed in every expanding department and committee.

Washington and the world generally have not distinguished between constructive and operating abilities. The good operating man is usually a rou-

tine man—he wants conditions fixed and unchanging in order to achieve efficiency. When improvements in method and mechanism are not necessary the less change the better for efficiency. But when method and mechanism are inadequate then constructive thought is required. Constructive minds usually chafe under stationary conditions. They long for the best and try to obtain it even at sacrifice of temporary efficiency. The man who effectively combines operating efficiency with constructive vision is rare. He is usually his own boss.

Americans are apt to worship men who have achieved national fame. Even though their distinction has been gained in one narrow field, the famous one is usually credited by the unthinking with universal knowledge. Frequently the man of national reputation owes his apparent success to conditions to which he in no way contributed. Study of the careers of some of the prominent business men in Washington today shows that several of them have become connected with organizations containing all of the essentials for success and have simply been carried along by those organizations, thus gaining an undeserved prestige.

The student is scarcely expected to find many highly constructive minds among railroad executives, because railroad operating has become a highly developed routine business and the bank control of our railroads has not been conducive to independent constructive effort.

These thoughts give good reason for more frequent change of personnel in high positions of authority than has been visible in Washington. Congress-



sional investigation and worse disasters than we have yet recognized will be necessary to change these conditions, unless our present rule by overloaded co-equals is quickly altered.

Our Washington administrative organization violates the important canons of business organization. All of our chief executives are overloaded with detail and prevented by their very responsibilities from taking adequate national view points. The President, as their only chief, through burden of overwhelming world problems, cannot be expected in himself to supply this deficiency.

Every student of our weaknesses knows that the demand for democracy has pervaded both our peace and war governing machine to such degree that the very safety of democracy is threatened thereby. Our rule by "Debating Society Committees" is democratic. Our two-headed Shipping Board (even when each head considered himself the direct agent of the President) was democratic. Our seven-headed War Industries Board with complete authority to talk to the War and Navy Departments and to the public is certainly democratic.

But even our democratic daily life knows the principle of the Boss. He plans, he orders. Let Congress and Mr. Wilson legalize and recognize a few properly qualified and unflinchingly supported square-jawed Bosses. Let them know that speed in the public mind will outweigh a few quickly corrected mistakes.

### National Flexibility Needed

While Great Britain and France have been for their military and economic safety throwing hampering tradition and conservatism to the winds America has lived complacently in the past.

Searching their prejudices and habits along with their hearts they are indeed building new nations. Do we know that our educational system does not meet present-day needs? Are we seeking new method and device and suggestion from the corners of the earth? Do we realize that our very form of government has faults that may cripple our future? That our 48 States handicap in unnecessary ways our national defense? Are we planning for the utmost momentum in this war and the continuing world struggle to follow? Does our self-approval hide the fact that the vast majority of our corporations, according to our Federal Trade Commission, do not figure their costs accurately? The treatment of both our poor neighbors and our prisoners has been barbarous. Our Future bids us take stock of our short and our long comings.

Great Britain has been peculiarly fortunate in having as Prime Minister a man brave enough to ignore precedent when precedent did not suffice. By word and deed he fought to put the business men in positions of authority and he forced reforms of organization to give those men a chance.

Our organizing has been halting and partial, our efforts spasmodic and visionless.

## XVI

# The Next Six Months

Napoleon early in his career pointed to a principle upon which his own success was built and which the Germans have been consistently applying to the repeated discomfiture of their antagonists, "*Unity of Command Is Essential to Success. Time Is Everything.*"

A prominent French officer has recently said "One soldier in 1918 is worth several later."

Says M. André Tardieu, French High Commissioner, just returned from France: "Although the war may be prolonged for years it will be decided in the next six months."

Rumor has it that our national supplies of chlorine, toluol, pyrites (for sulphuric acid, the very keystone of our war chemicals), manganese, nitrate and other related materials are not sufficiently provided against all contingencies. Investigation behind closed doors might here find further argument for speed in reorganization. Have shipping, the expanding war demand for chemicals, all the acts necessary for speeding the safeguarding of both our soldiers in Europe and the resources behind them, have all these been in proper sequence and relation considered? Are we applying the experience of Europe in salvaging all wastes and remnants of value and converting them to fresh service?

### Experimental Facilities Adequate?

*The Washington Post* of December 23d in its leading editorial makes an earnest plea for national concentration of inventive resource and genius against the submarine, as our increased shipbuilding program is mere-

ly furnishing increased fodder for the submarine.

So insistent have been the complaints of inventors, even of national repute, over the difficulty of obtaining adequate consideration for their suggestions that one is justified in fearing that our national experimental facilities are inadequate to the need and that our professional military and naval chiefs and many of their subordinates are not sufficiently receptive toward new ideas, especially those developed by outsiders.

Congressional investigation into this problem and increased liberality of appropriation seem worthy of consideration.

### Plan Our Utmost Now?

Assuming, as has frequently been stated, that the Allies have 7,000,000 troops on the Western front opposed to 3,000,00 of the Central Powers, what "preponderating force" must America hurl at the enemy in the West to gain a military victory?

First we planned an army of one million—now three million are mentioned. If seven million men cannot whip three million men defending their own frontiers, equipped with every facility of transportation and supply, carefully developed by years of study, is it not within the bounds of reason that America must needs send five million, perhaps even ten million men to Europe to whip autocracy? Is it not reasonable to consider that German thoroughness may obtain food and other supplies from Russia even though Russia herself may need them? The chief hope

of an early peace has been built upon a starving Germany—but that is a dangerous reliance. It would therefore seem to behoove us to make thorough plans for a long war involving our utmost contribution of soldiers, production and transportation.

Optimistic statements of the Shipping Board chiefs before the Congressional Investigation Committee indicate that with one shift per day our shipyards are likely to produce ten million tons deadweight in two years. Let us not forget that ten million tons deadweight mean only about four million net tons or perhaps six million gross tons.

An American civilian returning in December, 1916, from a visit to the British fleet and the shipyards of the Clyde explained to Secretary Daniels how it was that the British shipbuilders could complete a super-dreadnaught or battle cruiser in less than 20 months when American shipbuilders were figuring upon 48 to 54 months. The explanation was simple. American yards worked one shift of 8 hours per day, the British used two shifts of 10 hours each. Our munition factories all over the land were working two and three shifts per day but apparently our own vitally important shipbuilding program was being delayed for lack of application of this common principle:—that the quickest way to increase the output from limited facilities is to work those facilities 24 hours per day. If our shipyards are able with one shift to produce five million tons deadweight per year, why should we not treble our program and aim at 15 million tons dead weight in 1918, this output to result from operating the yards 24 hours per day? Fifteen million tons in 1918 will be worth to the world double the value of that same tonnage produced in two years. But this means labor control in the

shipyards, in our transportation systems and in all directly subsidiary activities. Is not the result worth the effort?

### Most Urgent Immediate Need

The charge as made by Representative Clarence B. Miller regarding our bungling transport service to France connected with many other reports of ineffective use of existing tonnage points to this as one of our most urgent needs for improvement in concert with our Allies and neutral nations. Placing all of our efforts in the order of both time and importance one is warranted in suggesting that this is the most urgent of all.

In our enthusiasm over the launching of ships we must remember that it takes ordinarily about three months to fit out a ship for service after it has been launched. In the last stages of a world conflict those three months might represent the difference between victory and defeat.

### Constructive Criticism, Privately Applied, Failed

Many military authorities believe that had America entered the war when the *Lusitania* was sunk the world would now be at peace, the great decision obtained with far less sacrifice than has already been made. So anxious have been many of our executives to obtain the approval of the country for their great achievements since America entered the war, those achievements measured against peace conditions rather than against war needs, that it does not seem an overstatement to say that an organized propaganda has been used for this purpose directed largely from Washington. Had the same effort been applied to looking forward rather than backward, to estimating the needs of next year and planning to meet them,



would the country have supported our executives any less generously? Would realization of the real size of the work ahead of us have frightened us or urged us to greater effort? Well may we admire the splendid achievements to the credit of our leaders, but condemn we must the weaknesses that threaten the value of those very achievements.

Great Britain has done her best when visibly confronted with the greatest dangers, while several of our leaders in Washington have persistently advocated the policy of keeping from the public the most alarming dangers confronting the country unless expressed in the most general terms. This has been voiced by cabinet officers, even by President Wilson, in such terms as "why alarm the country?" Members of Congress have also voiced this feeling. As a result, America has yet failed to do her utmost and her citizens do not yet realize the individual obligations and sacrifices they should already be facing. Consequently we are still tolerating labor disturbances, profiteering, extravagance and waste, and many other evils which are daily increasing the loss of life which must be incurred by our Allies and ourselves.

"The war will be decided in the next six months"—What extra efforts are we making to face that crisis?

*The New York Times* of December 26th editorially points out that greater speed in preparation must come by pressure from above. Much of the speed already achieved has come by surging up from below, through insistence of a relatively small number of far-seeing citizens.

Secretary Redfield in our ninth month of war has ordered his subordinates to forget red tape and has provided a sort of check against undue delay in action and decision. Presi-

dent Wilson has recommended that his other executives follow this example. This is encouraging as far as it goes, but it is a clear indication of past failure to provide adequately for speed and is only one step of many necessary to insure speedy progress for the future.

It is said that within 48 hours after the Italian defeat one of our great departments authorized the closing of contracts by telegraph before detailed specifications had been worked out. It thus required serious defeat to induce a speed which might have been achieved without waiting for such incentive. Washington is often accused of playing the game of "passing the buck"—in ordinary life sometimes described as "let George do it." Bureaucracy aims to surround itself by checks against mistakes so that it leaves clear gaps between Departments and avoids doing many things which "others may do." In war time these conditions lead to the greatest possible mistake—the mistake of doing nothing, the mistake of delay. In such times the utmost is none too much, because anything less inevitably means loss of life that might be spared. Our only justification in looking backward critically is to apply the lessons for the purpose of avoiding repetition of mistakes. As someone has said "Washington is highly organized for looking backward but not for going forward."

It will be observed that the same conclusion regarding the fundamental weaknesses and the remedy may be drawn from each illustration submitted in this pamphlet. Our shipbuilding, labor, intelligence, alien, transportation, and other problems all show the same lack of foresight, the same neglect of plan, the lack of provision for a planning mechanism, lack of adequate information upon which to base intelligent planning, lack of

adequately informed executives free to give daily decisions and enforce speed of action unhampered by excessive red tape. Many of these lessons have been carried through private channels and with the most helpful of intentions to

the ears of those who appeared to have authority to apply the remedies. As our war preparations, however, increase in scope and complexity, the need for these remedies becomes rapidly more visible and urgent.

## XVII

# The General Staff

### Various Superior Organizations

A Supreme General Staff, as some would have it, would under the President be the supreme directing war power of the land. Not only military control, but everything contributory, would come within its scope. It would naturally include both military and civilian in its personnel.

Other students of the problem prefer to divide the directing power, always under the President, between two coequal bodies, each supreme in its field. One would control all military activities. The other, roughly speaking, would provide everything needed for the military activities.

Americans in general will prefer to interfere as little as possible with our established governmental machine. Careful perusal of four following articles, from recent issues of *The New Republic*, prove the insanity of relying upon that machine in all of its present and wonderful workings:

### Unity of Command

"On the day the Germans and Austrians drove Cadorna's army back to the Tagliamento, somebody called up Secretary McAdoo on the long-distance telephone—he was temporarily outside of Washington—and secured authorization for an immediate loan of \$230,000,000 to Italy. On the same day the War Trade Board granted to Italy the right to export immediately whatever she needed. Tonnage to transport it was allotted to her—tonnage which had previously been allotted to France to help carry

abroad that million tons of French raw material piled on American docks. The news of this assistance, cabled to Rome, is said to have aided in maintaining Italian morale. It satisfied our demand that something be done. Yet it can hardly result in any military help at the front before the first of December. It can do little to assuage the disappointment of the Italian representatives in this country who for months have requested in vain a priority for their materials. And if before December first the Italians, with British and French help, have stemmed the enemy invasion, and the heat of battle has returned to the western front, the British and French armies may suffer for the lack of the supplies formerly destined for them, and suddenly diverted to other uses as the result of a telephone conversation with no greater strategic authority than the Secretary of the Treasury.

The sudden grant to Italy of assistance for which her representatives in this country have long been asking can be construed as an implicit condemnation of the previous refusal, but such an inference is not justified. The American government has been guessing. It has to take decisions without being possessed of all the information on which a wise decision should be based. In the case of both the refusal and the compliance it may or may not have been advisable to grant priority to the Italian demands. There were not and are not ships enough and munitions enough to furnish all the Allies a



clear supremacy on all fronts at the same time over any possible attack. If the invasion of Italy is stopped, it may be stopped because the French and British have such a superiority on the western front that they are able by counter-demonstration to divert a sufficient number of German divisions. Even though the Italians had been given the priority, the German attack might have been made, with appreciable results and more serious political consequences, somewhere on the French line. These are all speculations, and speculations do not count for much in war, especially after the event. The essential fact is that no single strategic authority dictated the policy adopted. It was the result of a competition of wills. Great Britain, France, Italy and our own army have all been presenting without regulation or reserve their maximum claims upon our young and overstrained organ of war production. We have listened, in our eagerness to do everything at once, first to one and then to another. We have not been able to satisfy any. The decisions have been reached in detail by subordinate officials, and for fluctuating reasons, rather than as a whole by a central strategic authority whose business is to plan effective warfare against the Central Powers. The German general staff has but to watch our clumsy attempt at satisfying the conflicting maximum demands of all the Allies, to pick out the weak place and the favorable moment, and then to strike suddenly and successfully. That is what the German general staff has been doing ever since the beginning of the war, and that is what it will continue to do.

There is one all-important mat-

ter of drifting policy which Hindenburg must be closely watching, and which may give him a suggestion for his Winter and Spring campaigns. Since it is publicly discussed by so reverberating a person as an ex-President, there can be no violation of war secrecy in referring to it. How large an army shall we raise and send to France? If a strategist were deciding the question, he would doubtless discover first how much the British, French and Italian armies will be able to do before an American force in the field can be made effective. He would then ascertain how large a supply of munitions and food from America they would need to reach their maximum efficiency. He would subtract the tonnage needed to transport these supplies from the tonnage available for military use in the given time, and subtract the necessary supplies from the supplies we could produce in the given time. The result would determine the size of the expeditionary force and the speed with which it must be raised, trained, equipped and transported. It is a complicated calculation of resources as compared to demands. It requires for its solution not patriotism as opposed to pacifism, but information, sound judgment and a coordinated policy as opposed to bluster and politics. Yet no strategic authority has, apparently, been created to deal with this matter. The French, who were the first to appeal for American soldiers, have now for a long time been complaining of the lack of tonnage to transport raw materials for their own munitions, and they have not secured even approximate satisfaction without appealing to publicity. The British do not seem

to like the way in which our army's demands are interfering with the manufacture of their war supplies.

The prospect of such conflicts was foreseen before we entered the war. Some one even suggested a dark design on the part of Germany to provoke us into hostility for the very purpose of bringing about this complication. The President, in his war speech to Congress, declared in favor of giving to the Allies all needed priority. Yet the American Priority Committee, because it could not base its decision on a general policy mapped out in advance by a central Allied command, has fallen into the practice of giving A-1 certificates to the orders of our army and navy, and A-2 certificates to the orders of our Allies. In many cases this practice may be justified, but is it justified in all? And our vigorous ex-President, admitting the uneasiness on the part of the British and French, publicly approves the policy on sentimental grounds. If Hindenburg, next January or February, should select for attacking the western front a moment when the British and French are insufficiently supplied and the American army is still insufficiently provided with training and equipment, somebody may again get Secretary McAdoo on the telephone and arrange for immediate priority for our Allies. But then it might be too late.

This confusion is expressive of some radical maladjustment which can perhaps be best disentangled by analyzing the highly significant attitude of our own government. Why has it insisted on an American army, as powerful as possible, serving as a unit under an American general? Why did it refuse, and rightly, to let this army serve

under British or French command? Why are American soldiers now in France rather than in Italy or Macedonia? Why has war not been declared against Austria, Bulgaria and Turkey? It is, fundamentally, because there is a distinction between American aims in the war and the aims of some of our associates, because the government wishes to retain independence of political action until it has some assurance of unity of political purpose. Was not the recent behavior of America, England and France in response to Italian requests for stronger support due in great measure to the disquietude of all three about Italian aims in the Adriatic? Will France ever delegate command of her armies to any inter-Allied authority as long as her chief war aim is the reconquest of Alsace-Lorraine? Unless the Germans and Austrians are by way of being completely crushed, will Italy put her armies under a control which might use them for the reconquest of Alsace-Lorraine or even of Belgium before throwing them towards Trieste? The Allies have separate aims, all of which cannot be attained unless Germany is decisively defeated. But the job of defeating her seems to be seriously handicapped by the fact that these separate aims are themselves the obstacles which make impossible a genuinely unified command. This is the fundamental weakness of the coalition.

This weakness, will not, we believe, be wholly remedied by the new machinery for obtaining unity of command which has recently been set up in Paris. The accounts which have been cabled to this country about the constitution of the "war council" are meagre, and

they cannot be described as wholly reassuring. They have organized a method of obtaining "common counsel" on military affairs but hardly unity of command. France, Great Britain and Italy have agreed to participate in a permanent Inter-Allied Council, the French representative to which will be General Foch and the English representative General Wilson, but apparently this Council will not issue orders for the disposition of the troops and their manœuvres. Actual command will still be vested in the General Staff of the several armies and the new council will provide a means of joint consultation rather than a single military authority. It will be a Council of War rather than a General Staff, and councils of war are notoriously poor fighters. But this is not all. The military section of the council will be supplemented by a political section composed of two Ministers from each country, one of them the Prime Minister, which will assemble twice a month in Paris and pass on the military decisions. Such a provision for ultimate political control is, of course, only the proper and necessary result of the democratic institution of the several Allied countries, but does it not bring the arrangements for unity of command back to where they started? Does it not necessitate a further attempt to base unity of military policy on unity of political purpose? For if the Prime Ministers of the Allied countries fail to agree upon their political objects they will fail to agree upon military plans, which, according to the very nature of the case, must tend to promote one rather than another political object. The Allies can no longer count upon a supe-

riority of men, transports and supplies sufficient to enable all the different fronts and the political ambitions associated with them to take care of themselves. Unity of command involves a frugal economy of decision, the selection of one policy and one front rather than another and a joint understandig as to the result, which a victory obtained upon any one front would exert on the whole array of Allied political objectives."

### "Down the River"

"The War College building in Washington is three miles 'down the river' from the War Department building. This apparently insignificant fact is really one of the large facts in the conduct of the war. It has consequences, daily, of a most far-reaching sort.

'In one of the battles on the British front, in the beginning of the war, two divisions were shot to shreds because, simply, an error had been made, a slight error, in the highly complicated and extraordinarily difficult technical task of issuing clear orders from headquarters. It was a case of "bad staff work." The British have been compelled to get good staff work and they have been compelled to get a good General Staff at home and they have now reached the point of being able to compete on even terms with the German General Staff, and they have done it under the pressure of a public opinion outspoken to a degree which no American can realize unless he is an habitual reader of the British newspapers and magazines.

The point of departure, the point of start, in an appreciation of the War Department is clearly



the General Staff, of which the War College is a part. And here it is most gratifying to be able to begin by saying that, in this matter, in the matter of preserving the powers and the possibilities of the General Staff, which has to be the army's calculating brain, Mr. Newton D. Baker has performed an act entitling him to thunders of applause, which, however, because of our general lack of interest in the essentials of war, he has not generally got. That act of his has passed very widely unregarded. But it should always be remembered for him. It was a great act, really worthy to be called historic.

Congress, in the National Defense law of last year, used language which might easily have been construed, and which was by many people actually construed, to cripple the General Staff. Congress, by nature, is inclined toward a strengthening of the various non-staff bureaus of the War Department, such as the Quartermaster General's office, the Adjutant General's office, the Judge Advocate General's office, the Ordnance office, the Inspector General's office, the Signal Corps office, the Engineer's office, and so on; and it is by nature inclined to weaken the General Staff or, at any rate, to push it to one side. There is a good reason. The bureaus, many of them, deal with things in which Congress is vastly interested, such as the placing of people and the placing of contracts. The severely intellectual pursuits of the General Staff do not thrill Congress and, moreover, they tend to bring a new impersonal technical influence to bear upon established personal bureau routine. Certain bureau chiefs in the past have known very well how to charm

Congress with the bureau idea and how to leave it lukewarm about the staff idea.

There was once an Adjutant General who was magnificent at this sort of politics. He was a busy man, but if Congressman Smith wanted to know did his great-great-great grandfather fight at the Battle of Bennington, nothing interfered with finding that out. The inquirer, if he was a Congressman or a Senator, was always put, by orders, straight on the General's phone and "I," said the General, "I will find out." A clerk laboriously did. And then, a few days later, the Congressman, back on the phone, heard the General say: "I have found out that your great-great-great-grandfather did indeed fight at the Battle of Bennington, most heroically. You are indeed a Son of the American Revolution. And I am sending you all the papers myself." Decades of such amenities, decades of acquaintanceships and favors, built up for the bureaus a tremendous Congressional strength, which still largely continues. And therefore, even in the National Defense act, in the course of ostensibly, and, in many respects, actually, improving our military organization. Congress made for itself an opportunity to strike at the General Staff and it did so most particularly in a section containing the words "Hereafter members of the General Staff Corps shall not be permitted to assume or engage in work of an administrative nature that pertains to established Bureaus."

This section at once became the theme of a very able legal opinion by General Crowder, Judge-Advocate General. If his views had been accepted by Mr. Baker (and he is

Mr. Baker's legal military adviser), we should now have only the phantom of a General Staff. General Crowder held that the General Staff could indeed give itself to the "study of military problems" and to "the preparation of plans for the national defense" and to "investigating and reporting upon the efficiency and state of preparedness of the military forces of the United States for service in peace or war." But the original General Staff law of 1903, passed under the influence of Elihu Root, had also said that the officers of the General Staff should "render professional aid and assistance to the Secretary of War" and should act as his "agents" in the delicate but most necessary task of "informing and coordinating the action of all the different officers who are subject, under the terms of this act, to the supervision of the Chief of Staff." And who were those officers? The law of 1903 named them in defining the powers of the Chief of Staff. It said:

"The Chief of Staff, under the direction of the President or of the Secretary of War, shall have supervision of all troops of the line and of the Adjutant General's, Inspector General's, Judge Advocate's, Quartermaster's, Subsistence, Medical, Pay, and Ordnance Departments, the Corps of Engineers, and the Signal Corps." The Chief of Staff was to have "supervision" of all of them. But what is "supervision"? What is "supervision" when Congress, subsequently, in the National Defense law, has said that the officers of the General Staff, of whom the Chief of Staff is one, shall not, in supervising, do any administering?

General Crowder was quite clear about it. He said:

"Unmistakably, Congress has sought to preserve *untouched* the special jurisdiction of each of the several bureaus." "It is the effect of the language, and must therefore have been the purpose, of the act, to *re-establish* the relation of the several bureau chiefs as special aids and advisors to the Secretary of War, on matters which fall within their special jurisdiction, *uninterfered with by any outside agency.*" "In all matters falling within the special jurisdiction of the several bureaus, Congress has said in effect that the views of the particular bureau chiefs shall govern the Secretary, so far as his own judgment is to be advised." And if there should be any "zones of uncertainty" between the powers of the bureaus and the powers of the General Staff, "the statute establishes for us a guiding rule, which is that *in case of doubt the presumption is conclusive against the General Staff.*" Such was the spirit of General Crowder's opinion, the spirit of an unusually able and highly sincere and hardworking and patriotic bureau chief.

Nevertheless the experience of the whole world in this war turns out to be that it is necessary to have a strong and really powerful General Staff. Mr. Baker essentially overruled General Crowder's opinion. There are times, one sees, when it is not a bad thing at all to have a lawyer for Secretary of War. A layman might have been paralyzed by the spectacle of the vivid wording of the National Defense law and of the opinion of the Judge-Advocate General. Mr. Baker looked at that torrent, observed sundry cakes of floating ice on it, and leaped on them lightly from shore to shore with the General

Staff safe in his arms. It was an agile performance.

Mr. Baker reviewed the origin of the General Staff. He found that it was the intent of Elihu Root, "one of the great Secretaries of War of modern times," to give to the Chief of Staff a power of supervision really effective. He found that Elihu Root had said that he was providing for a control to be exercised over the whole military arm of the government "through a single military expert of high rank." He found that such also was the legislative intent of the words that Congress was brought to use in the law of 1903. And the National Defense law of 1916 did not expressly repeal the law of 1903. Therefore all that remained was to define the word "administrative." Congress seemed to wish to prevent the General Staff from becoming too "administrative." Well, Elihu Root himself, strong as he was for a strong General Staff, never wanted the General Staff to be "administrative" at all. He said so, expressly. The General Staff is to "inform" and "coordinate" and "supervise." That is all. But that is enough. For how can it "inform" and "coordinate" and "supervise" the bureaus unless it goes into them deeply enough to equip itself with the "qualifying information"? (A splendid point that.) And therefore "it is my opinion that it is not only appropriate but necessary for the Chief of the General Staff to pursue, with as great detail as his judgment dictates, the execution of policies throughout the several bureaus." And, in short, "the policy of the War Department will remain as before."

By that decision Mr. Baker took

us into the war with a General Staff still capable, by law, in principle, of being a General Staff, fully. It was an act of superb insight and courage, comparable to the act performed by Lloyd George when he over-ruled the gun-policy of the British War Office, and bought bigger guns and more guns than the War Office wanted, and was, by present military consent, utterly right.

So the principle stands. But the practice is a rather different thing. Here the first fact is that stretch of three miles between the War Department and the War College, between the body of the army and the bulk of its "informing" and "coordinating" and "supervising" brain. The results are strange.

The Chief of Staff, to begin with, is separated from most of his staff. He sits in the War Department. Four of the six committees into which the General Staff is divided are resident in the War College. The picture of the Chief of Staff sitting in the midst of his staff devising great plans is an imaginary picture. It does not happen. In fact, the Chief of Staff may express an opinion on a certain highly important matter and shortly afterwards be handed an opinion from his own War College in the directly contrary sense.

The next result is that the task of doing any effective personal friendly "supervising" of the execution of policies recommended from the War College becomes peculiarly difficult. The War College man who has recommended something, after studying it, cannot readily follow it, after its acceptance, into the bureau which is operating it and make friends there and help it along with fresh sug-



gestions out of his studies. It may be working well. It may be working badly. His faculties for knowing, and for helping, become very poor.

The third result is more serious still. Officers in the War Department in their several bureaus are every day deciding things which they know ought, in principle, to be studied by the General Staff, but "Send it 'down the river' "? Never. How do we know when we'd get it back? It's a beastly out-of-the-way place, and it's two miles by carrier-pigeon, and we haven't any carrier-pigeons, and it's three miles by trolley and foot, and it takes too long, and this stuff would go to some fellow we don't know, and he might sit on it for weeks, and let's do it ourselves right here." And they do it themselves right there. They talk about "down the river" as if it were a morgue.

And the officers "down the river" have behaved as if they more or less agreed with them. When the war broke out, they made a sort of mass rush to try to get into the field. General Kuhn, who was head of the War College, and in whose mind, if anywhere, the totality of our war plans might be assumed to lie, went as soon as possible and took command of an individual training-camp. Of the forty-two officers who were his colleagues on the General Staff on April 24th of this year, twenty-eight have now vanished. Being "the brain of the army" seemed to them to be a good job to leave—a point of view that might provide considerable astonishment to Ludendorff. The German General Staff is a terrifically immediate thing in its impact on the war. Our General Staff is still regarded by our own officers as a

remote thing. And the distance from the War Department to the War College is a symbol of that remoteness.

Out of such a situation, in practice, one might expect great delays in comprehensive planning and great delays also in really comprehensive executing. Subsequent articles will show that we get them."

WILLIAM HARD

## The Brain of the Army

He is President of the Panama Railroad, responsible head of the Bureau of Insular Affairs, of the Philippine Commission, and of the government of Porto Rico. He is Chairman of the Council of National Defense. But let us think of him only as Secretary of War. Is there any other executive in the world who at this moment is in immediate charge of so many important undertakings? President Wilson lays out the route of the car and makes telling comments on the landscape. Mr. Baker holds the wheel and directs the mechanician. The French and British Ministers of War are now roaring along the course in finely adjusted racers, 1918 model. They are just keeping pace with Hindenburg. Mr. Baker started in an antique run-about, and as he travels he has to tinker it, part by part, into something which can go fast and far. He cannot stop by the roadside and rebuild at leisure. No one can tell how soon the race will depend largely on him. His friends understand that he cannot remodel everything at once, but they know how pressing is the necessity both for thoroughness and for speed. They know that six months from now, if anything important goes wrong, his

enemies will blame him for it. And irrespective of that, everything important must go right.

Last week Mr. Hard showed that Mr. Baker had made a good beginning by putting the brain of the army, the General Staff, where it belongs, at the head of the army. But he also showed that somehow or other the Staff has not made close connection with the nervous system. It seems to be so remote that hands and feet often jerk along independently. Is there anything else the matter, except that the War College is three miles "down the river"? No one can know much about such a question without having access to all the information and experience tumbling in on Mr. Baker, and more too. It might be suggestive, however, to compare the American organization with those of our Allies, in certain of the features information about which is accessible in published reports.

The first duty of the American Chief of Staff under the law is to be military advisor to the Secretary of War. He can and does advise on large matters, but he is a busy man, he must often be away from his office, and like most executives, he cannot be cognizant of all details without consulting his subordinates. Only a few of these are in the War Department building. Yet Secretary Baker's need for detailed military information is constant and pressing. Many who consult him must have prompt and accurate decisions. Mr. Baker's own time would be saved if there were trustworthy and informed military advisers at his elbow. Suppose the American Secretary of War, like most of the European War Ministers, had a personal military staff,

had access to every paper and every composed of trained officers who man in the War Office. They could be animated encyclopedias for him, they might even at times catch the General Staff in a delay or a mistake. They could help him as no other officer could who has other duties besides that of gathering information for the Secretary's personal use.

The main duty of our General Staff is to plan and to coordinate and supervise the work of the line and bureaus of the army. It should, according to the ruling of Secretary Baker, "pursue the execution of policy through the various bureaus." The European Staffs have approximately the same functions. But a study of the governments, notably in England and France, shows that the Staffs are equipped in a different way for all these duties.

In the first place, the Chief of Staff of almost any of our Allies is a member of the supreme war council—the body which roughly corresponds to our Council of National Defense. The European councils contain the men who have the information and authority to decide the large questions of policy, and they do decide these questions. Our Council of National Defense as established by law does not contain the Secretary of State, the Secretary of the Treasury, the chairman of the Shipping Board, the chairman of the War Trade Board or the Food Administrator. We have no executive officer of any sort in control of the manufacture of all munitions and supplies. The Council has recently developed into a conference by the inclusion of Mr. McAdoo, Mr. Hoover and Mr. Hurley. It merely confers, however;

it does not decide anything as a body. That may be because of the absence of the President (the Premier of England and the President of France are members of the respective councils). At any rate, because the typical European council decides, and because the Chief of Staff is a member of it, he has real authority in the army. He can deliver the decisions of the council to the commanders in the field. He can plan the work of his own staff.

It is different with us. When General Pershing thinks of our Chief of Staff, he thinks of an individual who has no connection with any of the other war bodies. General Bliss never confers, for instance, with Mr. Hurley of the Shipping Board, and none of his subordinates ever does. When Pershing wants to find out how many troops he can have by a certain date he has to refer to a program made up in the War Department. He cannot be sure whether any one ever asked the Shipping Board upon what expectation of transports and supply ships that program is based. He cannot be sure whether the program for the requisite munitions has taken into account the steel that must be used for building those ships. He cannot be sure that either program has been checked up with the labor supply. If circumstances arise which must alter the program, the chances are that nobody knows it, or that nobody remembers to tell everybody concerned until the physical scarcity of ships or labor obtrudes itself. The remoteness of the General Staff from the conduct of the war naturally disinclines the army to regard it as other than an aloof and secret body which

may be making perfect plans for some imaginary invasion of Baluchistan, but is not to be consulted about large, immediate problems.

In the second place, the European General Staffs present a strong front to the War Office. They have committees to study questions of organization, equipment, instruction, transportation and operation of the forces. These committees, under the Chief of Staff, make the decisions in military policy. The policies are then carried out in detail by the various bureau chiefs. There is, for instance, a Chief of Artillery who is responsible for the organization and instruction of the artillery branch and for the distribution of supplies to it. There is attached to him, among others, a member of the General Staff, who keeps him informed about the artillery policy of the Staff, and keeps the Staff informed about the work and needs of the Chief of Artillery. There are similar Chiefs of Infantry, Signal Corps, Engineers and so on, and each chief is linked with the General Staff by a Staff officer.

But no such simple and logical process goes on in our army. Our Staff, to be sure, has its committees. We have Chiefs of Signal Corps, Engineers and Coast Artillery. But no General Staff officers are attached to them. We have no chiefs of the main branches of the service—Infantry, Cavalry and Field Artillery. We have a Chief of Ordnance, who is in charge of designing, purchasing and distributing guns and ammunition. But he is not in charge of the artillery's organization and training. We have a Quartermaster-General, in charge of buying and distributing to everybody general supplies and



equipment. The executive work of the three main branches of the service is mostly done by the Adjutant-General—an officer who nominally is appointed to preside over the records. No representative of the General Staff is attached to the Chief of Ordnance, the Quartermaster-General or the Adjutant-General. Just as the War College is physically remote from the War Department, so the General Staff is mentally remote from the bureau and division heads.

One man is supposed, in our system, to be the channel for instructions from the Chief of Staff to the rest of the army—the Adjutant-General. He existed before the General Staff was created, and at times has held great administrative power. The tradition of that power still lingers about the War Department. The decisions of the Chief of Staff are transmitted to the Adjutant-General for distribution to the line and bureau chiefs. Questions arising within the line or the bureaus involving general policy are sent in to the Adjutant-General, and it is within his discretion either to pass them up to the Chief of Staff or to decide them himself. Perhaps it is this uncertainty that causes some of the confusion, both in his office and elsewhere.

In the European system the General Staff is equipped to do the major planning, the coordinating and the following up. The bureau chiefs are equipped to do the work of executive detail—that sort of work which Congress felt a vague need of keeping away from our General Staff when it passed the National Defense Act of 1916. But in our system, while the General

Staff may or may not do the planning, it cannot do the coordinating or the following up without cutting across the work of the Adjutant-General or of one of the bureau chiefs. On the other hand, it frequently attempts to do detailed work which might better be done by an executive trained in his special job.

Two instances will make this clear. The General Staff makes a decision, let us say, to change the number of cavalry units from 17 to 27. The Quartermaster Corps hears of this change and immediately alters its buying to suit 27 units. But the Ordnance Bureau does not take note of the decision for weeks, and goes on supplying 17. Such things have happened. Whose fault is it? The law says the General Staff must coordinate the bureaus, and Secretary Baker writes that it must "pursue the execution of policy through the various bureaus." But the General Staff has an alibi. It has no direct connection with either the Ordnance Bureau or the Quartermaster Corps. It does not even contain in its membership a representative of any of the purchasing bureaus. It notifies the Adjutant-General of its decision. It can do no more.

The other instance is of a contrary nature. Should promotions be decided by seniority or selection, and should the practice differ in this respect at home and abroad? A ruling was the duty of the General Staff. But the drawing up of the complicated regulations was the duty of a specialized executive chief. Nevertheless the War College painfully and at length worked out a series of regulations—which proved to be so imperfect that they had to be revised several times by

the Adjutant-General's office. It is this sort of thing which makes officers hesitant to send questions "down the river." It explains why many divisions never hear of the General Staff except when it issues orders that no officer may wear a "Sam Brown belt" while in America, or that Second Lieutenants shall wear a gilt bar on the shoulder.

It would be a mistake, of course, slavishly to follow any European example. Perhaps our government can devise a new and better system. But it is interesting to see how well fitted the European organizations are to give scope to the General Staff for the performance of the very duties which our General Staff is by law directed to perform. We may remember, too, that England and France are democracies, that their armies are worthy of emulation, and that the American army is fighting in France beside them. The great and noticeable difference, however, between our War Department and both the British and French War Ministers is in the method of purchasing munitions. The French and British have both been forced, during the war, to take this duty away from the artillery chief and place it in a separate ministry. Neither wished to do so; they were forced to do so by the inadequacy of the military arm to handle immense business problems. Both nations are now convinced that if the military branch can satisfactorily distribute materials, without buying them, its capacity will be taxed to the utmost. Perhaps our problem is simpler than theirs. Perhaps we have better ordnance chiefs. Perhaps the Ordnance Bureau is now doing

well enough. That subject must be discussed in another article."

GEORGE SOULE.

## Retarding the Allies

"Our persistent refusal to organize ourselves into a unity of command for the purchasing of munitions of war is very bad for the armies of the Allies, just as it is very bad for our own army.

All next Spring, all next Summer, the Allies will shelter us. We have done our best, as individuals. Not one man out of a hundred at Washington among our chief administrators but has given his work-time, his play-time, his sleep-time, his last of thought, his last of health, at demand, to any duty for this war. I have seen men come to Washington heavy with personal ambitions of private life and I have seen them rise released to a selflessness, to a willingness to be subordinated, to be sacrificed, which makes them worthy, almost, to be where they are—standing behind our soldiers. They have labored, these men, these officials old and new, usually with excellent minds, often with minds of positively splendid power, to their utmost. Nevertheless let us look at our case as clearly as the Germans look at it.

The Germans know that not for a moment in any month of next year shall we be able to be as much as ten per cent of the genuine fully trained, fully equipped, fighting-line effectiveness thrown up against them on the frontier of democratic civilization between the Adriatic and the English Channel. Not ten per cent of it, in the immediate military sense. The Germans know this. We really know it. Let us really admit it, and act on it.

We must make every effort to get supplies into the hands of the Allied armies as smoothly, as steadily, as flowingly, as possible. We shall not starve our own army, or even in any slightest way stint it. We cannot train enough men in two years to consume our industrial resources. We have a surplus. It is for us to see that the Allies get that surplus with the minimum of daily delay and with the maximum of daily rapidity. We must do it, and we want to do it.

But we cannot do it, we cannot conceivably do it, with our present organization. The minimum of delay, the maximum of rapidity, every twenty-four hours, means unity. And our present organization is an outrage against unity.

For look at it. In our War Department we have those well known separate purchasing divisions (Quartermaster, Ordnance, and so on) which, being separate, have to be "coordinated." Nobody at Washington denies the need of getting up early in the morning and "coordinating" all day long. George Porter, head of the Section on Cooperation with States in the Council of National Defense, has offered a reward to anybody who can think up a word that will mean "coordinate" and that will not bore everybody sick. The first thing that "coordinates" the purchasing divisions in the War Department is the General Staff.

Well, the General Staff is indeed a "coordinating" body. It must "coordinate" the War Department for military purposes. The General Staff is a vital thing, an indispensable thing, in the matter of "coordinating" the War Department for military purposes, for fighting. But what sort of thing is it in the

matter of "coordinating" the War Department for purchasing purposes, for industrial purposes, for purposes having to do with factories and the control of factories and the control of the capital and of the labor in factories? Who are on the General Staff? Soldiers. Soldiers taken from the "line." Rightly. They are to be the army's military brain. They have come from army-posts. They have studied troops. That is what they know. That is what they are for. Their knowledge of industry, their knowledge of the feelings of the people in industry, is, for the most part, nil.

One of our most famous generals opened an official conference last year on the subject of Labor on American Railways by remarking, most interestingly: "I am against trade-unions." It was really too bad that John Ruskin could not have materialized out of his grave at that moment to say: "And I wish to remind you that I am against all locomotives, steam, electric, internal-combustion, and other." One of the best ways to try to get a Bolsheviki revolution in this country would be to allow our generals to become important in the control of industry. And the purchasing of munitions, in the end, here as in Britain and as in France, is nothing less than the control of industry, of all basic industry.

Therefore the General Staff, as constituted, being a military brain and not an industrial brain, is incapable of really "coordinating" and accelerating the War Department's purchasing divisions; and therefore, for this reason, as well as for other reasons, we now have a new "coordinating" body within the War Department—the "War



Council"—consisting of certain bureau-chiefs and ex-bureau-chiefs among whom there are men, like General Sharpe and General Crozier, who have had recent purchasing experience.

It is too soon to be sure just what this new "War Council" can do. One thing, though, may be said about it safely. Part of its purpose is to take certain people and "kick them up politely to the Lords." The difference is that when you kick Sir Edward Grey up into being Lord Grey, you are through with him. We are not through with General Sharpe. Under General Sharpe, acting as Quartermaster-General, many of our soldiers shivered and died in thin khaki. General Sharpe's purchasing division did not succeed in giving them woollens. For such failures General Sharpe is held responsible, rightly or wrongly, within the War Department as well as outside it; and he is removed from acting as Quartermaster-General; and General Goethals is asked to act as Quartermaster-General; but General Sharpe is asked to sit among the five men who are to "coordinate" General Goethals. What are General Sharpe's chances, what are General Crozier's chances at "coordinating" General Goethals? Just about what Mr. Denman's were.

There is only one sort of "coordinating" body worth while in the internal organization of Washington. This sort of "coordinating" body must have two characteristics. It must consist of the top man, the strongest men, in its field; and it must have the power not merely to nag but to order, to compel, outright and forthwith. There is no such "coordinating" body in all

Washington. That is why the word "coordinate" is now a stench in the nostrils of the town.

But we are not yet finished with "coordinating" our purchasing divisions. We now come to the War Industries Board. And we come to the Purchasing Commission within the War Industries Board. Let us follow the Allies to this Purchasing Commission, from which they get their permits for purchases in this country.

They wish to buy, let us say, an important finished product. In the matter of the raw material out of which that product is to be made, they see Mr. Baruch. In the matter of the product itself, they see Mr. Brookings. Now Mr. Brookings is a very fine person, of high intelligence; but, by virtually universal consent, he lacks the one thing a man in his present position must especially and conspicuously have. He lacks speed. He is slow at decisions. People in the War Department complain that they send things over to him and he keeps them, and then keeps them some more, and then may return them with the observation that he has nothing to suggest. He is a desirable man for some place in the government. But it is not given even to desirable men that they should have all desirable qualities fitting them for all places. Flatly, by consent of virtually all persons who deal with him, Mr. Brookings does not fit the Purchasing Commission: because our purchases must be made with speed and Mr. Brookings happens to be quite without speed.

But what can be done about it? Observe! The Purchasing Commission has no head. It consists of Mr. Baruch, Mr. Brookings and Judge Lovett. They are equals.

No one of them can dismiss either of the others.

So we must go higher. The Purchasing Commission is part of the War Industries Board, and Mr. Willard is chairman of the War Industries Board. Perhaps he could make a change? Not at all. He is merely the "chairman" of a "board." Mr. Brookings is not his subordinate. He is really his colleague.

So we must go higher still. The War Industries Board reports to the Council of National Defense. Perhaps the six cabinet members who constitute the Council could make a change? Perhaps. But only very perhaps. Mr. Brookings was appointed by the President himself. And what does that mean?

It means that under Mr. Baker, who is chairman of the Council of National Defense, and under Mr. Willard, who is chairman of the War Industries Board, and within the Purchasing Commission, three layers from the top, we have a presidential appointee, whom nobody will or can pick out and transplant until the President himself looks and learns and is informed and speaks.

Is this good organization? Is this the way to lighten the burdens of the President? Is this unity? Unity requires that every field of general action, such as ships, such as munitions, such as food, shall have a single head, with power to control all other men in that field. We have this single head in food. We begin to have something like it in ships. We have nothing like it in munitions.

For let us proceed in company with the Allies. Mr. Brookings is about to decide whether or not to allow the Allies to use certain of

our factories. But he must find out whether or not our War Department wants those factories. He must consult, for instance, our Chief of Ordnance. Our Chief of Ordnance may arrive at a certain view. Mr. Brookings may arrive at a certain other view, or may remain in doubt. Then we may have a meeting of the whole War Industries Board.

But the War Industries Board, even as a whole, has no real right to coerce its own internal Purchasing Commission; and it most certainly has no real right to coerce the Chief of Ordnance. Therefore the decision, in important disputed cases, lags. In one such case it has been lagging now for several weeks. Everybody concerned has known all the facts. Nobody concerned has been able to say "Absolutely, Yes" or "Absolutely, No."

But we proceed again. The decision has been reached. The Purchasing Commission has authorized a purchase for the Allies. And Judge Lovett, as head of "priority" within the Purchasing Commission, gives that purchase a "priority order." Simultaneously the purchasing divisions in the War Department are issuing thousands of "priority orders" on purchases for us, purchases important, purchases unimportant. All these purchases, the important ones and the unimportant ones together, start from their factories and rush toward their destinations on equal terms. Sawdust to be used in the packing of ice for our army in France may have just as good a chance of getting to the seaboard as the material for explosives for the Allied guns. And we will find space on our ships for all sorts of strange shipments, remotely useful, when things of

instant use for the French Army are lying on the docks.

Why? Because we persistently refuse to unify. We prefer to "coordinate."

Have we not had about enough of it? It makes our ablest men look like fools. Perhaps Mr. Brookings is not so indecisive as people in the War Department think he is. He is working in the midst of an indecisive system. If he were working within a unified system, he might turn out to be a perfectly effective man. For unity brings responsibility, and it brings urgency, and it brings the necessity for action.

Imagine all these purchases that we have mentioned, and all these priorities, massed under one man. The War Industries Board is his General Staff, an industrial General Staff, an industrial brain. It is the beginnings of it. The present purchasing divisions in the Army Department become subordinate, bodily, directly, to this one man. Their present chiefs become his assistants. He is our Head of War Supplies. He is not the head of a fragment, the submerged head of a dislocated fragment, of our War Supplies. He stands out. He may report to the President; or he may, as some people suggest, report to Mr. Baker. In either case, he will be the Organizer and the Controller of American War Industry; and there will fall on him the same glare of public interest and of public demand that now falls on Mr. Hoover and on Mr. Hurley. If Mr. Brookings then is found to be slow, this man, for self-preservation, will let him out, just exactly as Mr. Hurley has let out Admiral Capps

and Admiral Harris. But now? Who now is responsible for Mr. Brookings? The President. The Chairman of the Council of National Defense. The five other members of the Council of National Defense. The Chairman of the War Industries Board. Totaling, in practice, nobody.

So we get slowed. And so the Allies get slowed. And the War Industries Board goes on "coordinating" the War Department with a chairman who has no real right even to "coordinate" the Board. And the General Staff of the Army goes on "coordinating" the purchasing divisions of the War Department with a brain belonging to the army-post and the field of battle. And the new "War Council" will begin to "coordinate" a new lot of bureau chiefs, chosen for reputed strength, with the help of a complement of ex-bureau chiefs, discarded for reputed weakness. And Mr. Baker and Mr. Wilson, in the midst of this cloud of petty executives and palavering "coordinators," disappear to Olympus. And we get some speed. We get much speed. But we do not get top speed. We do not get anything like top speed. And just over the horizon is the portal to which every Ally, in its turn, has come, the portal bearing the famous words Lloyd George has repeated to us, words which, if they flash out there when we arrive, are the death warrant to our form of democratic government in this world: "Too Late." Too Feeble and Too Late. The future will then be either to Hohenzollerns or to Bolsheviki. Constitutional irresolute democracy will have come to its end."

WILLIAM HARD.



## XVIII

# No More Half-Measures

The remedy is simple in principle. At first it seems undemocratic because it involves dictatorship, undisputed authority, the mechanism to enforce command, and perforce the wherewithal to command intelligently.

Democracy should not make itself an enemy of efficiency. On the contrary, efficiency should be its legitimate slave in order that the human being, single and collectively, may rise to the highest safety and opportunity. Democratic dictatorship therefore merely means concentrated authority controlled and approved by the people. Our President has already concentrated power unequalled in this world. We do not fear the President. In fact for years the nation has been steadily granting him increased powers. But we have not required the President to use his great powers with adequate effectiveness even in peace times.

War is the speedy application of concentrated power. And we are leaving our President partially helpless—history will place the blame.

Congress by cooperating continually (not spasmodically, considering the deed accomplished) can, first, provide legislation correct in principle, second, refine and expand it intelligently.

Congress might well appoint a permanent Congressional committee to include some of its ablest constructive, far-seeing and organizing minds. With a minimum of interference and a maximum of helpfulness the Committee would

receive periodical reports from the leading executive officials outlining plans, progress and deficiencies. With such a steady supply of information Congress would be in an excellent position to legislate most constructively to fill the gaps, to strengthen and revise existing laws wherever necessary.

## The Public Is Discovering:

The President has not always had available the information necessary to indicate what needed his foremost action and support in:

- a. Forming adequate organization plans.
- b. Obtaining precedence for the most pressing needs, under their fluctuating relationship month by month.
- c. Weighing the future and anticipating needs and developments.
- d. Insuring against every possible neglect or miscarriage of decision, action and plan.
- e. Foreseeing and thwarting all obstacles.
- f. Achieving speed to win.

The President's executives have labored with equivalent difficulties.



## To Avoid Sacrifice— Perhaps Defeat—

### Eliminate:

Government by coequals and titles.

Government by debating society committees.

Government by followers instead of leaders.

Government by hindsight and complacency.

Government by chance and request.

Government by installments.

Government by prejudice and inflexibility.

Government by censorship.

Government by delay and hesitation.

Correct fundamental organization principles  
let details take care of themselves.

For victory's sake:—

The American public confidently awaits this  
achievement from a sympathetic Congress assist-  
ing unselfish executives.

## Must the Public Now Force the Remedy?

We must strengthen the two weakest spots of the national executive system:

a. Between the President and the complex group of executives and administrators dependent upon his decisions and policies.

b. Between the leading executives and their righthand men dependent upon their chiefs' decisions and plans.

*By*

Having each executive free from detail.

Giving each executive condensed, sifted vital information.

Organizing each executive for and with instant daily decisions.

Providing each executive with careful plans, studied policies, organized suggestions.

Supporting each executive with constructive vision, operating efficiency.

Demanding of each executive adequate checks and safeguards against failure, oversight, misunderstanding, scandal, scarcity and delay.

Requiring each executive to know what is most urgent each day—and months ahead.

Furnishing each executive with the right man for the right place—systematically.

*And*

Providing more concentrated authority.

## Authority

The information given in this pamphlet is based upon facts, experiences and suggestions resulting from nine months in War Washington. The assistance of a staff of trained investigators, statisticians and aids has been utilized at a cost of many thousands of dollars contributed by a private citizen with no axe to grind, anxious solely to serve his country constructively, without fear or favor, in this time of need. The organization problem has received the attention of several men familiar, through successful constructive business experience in both large and small corporations, with the principles of organization and their application.







